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WITH PARTY UNITY FOR SOCIALIST DEMOCRACY

Report of the Political Bureau to the Central Committee

Speech by Ernő Gerő, First Secretary of the Central Committee of the Hungarian Working People's Party

The situation is such that I cannot present a detailed report encompassing every problem, but can touch only upon the major questions characterizing the international situation, the internal position of our country and Party, and on the most important tasks confronting us, our Party and our Government. This would appear to be correct because in this way attention can be directed to the major issues and to the most important tasks. I wish to emphasize, however, that the problems mentioned here and the tasks that we will have to solve have not arisen suddenly, overnight. These questions have been under discussion for a long time. I am convinced that the picture has become clarified as far as the international and internal situation and the position of our Party are concerned, and that the tasks, the things to be done, have likewise become clear and self-evident.

It should be added that, in addition to my report to the Central Committee, the members and alternate members of the Central Committee are in possession of the detailed draft resolution on this question, the original draft directives for the Second Five-Year Plan, as well as

the new draft, considerably modified in many respects, drawn up by the Political Bureau on the basis of an extensive national discussion and with the participation of several members of the Central Committee. This plan — if endorsed in the form of a resolution by the Central Committee on the basis of the discussion — will, during the next few years, practically become the second programme of our Party, as the great Lenin termed the first economic plan of the Soviet Union. It is also clear that the draft resolution submitted by the Political Bureau on the present point of the agenda should be perfected on the basis of discussion, for which purpose a committee will probably have to be appointed to permit the Central Committee to adopt a final decision concerning it at the present session.

As I mentioned in my introductory remarks, it is neither possible, nor necessary to give a detailed analysis, touching on all questions of the international and domestic situation. We shall deal here, therefore, with only the most important questions, which are really decisive as far as the international situation and the internal situation are concerned.

The Socialist World System Has Been Consolidated

The main feature of the international situation is the fact that, during the three years which have elapsed since Stalin's death, the positions of the socialist camp have become substantially and fundamentally consolidated, and, in many respects, a new international situation has developed. The socialist world system has been consolidated. Thanks to the Central Committee of the Communist Party of the Soviet Union, and to the audacious and well-considered Leninist policy of its leadership, the schemes of the imperialists for the immediate unleashing of war have been checked, and the imperialists' positions of strength have been greatly weakened.

A number of great Asian, non-socialist countries like India, Indonesia, Burma and many others, as well as a part of the Arab countries have refused to submit to the American and British imperialists, have drawn closer to the socialist camp, joined in the efforts to uphold peace and, together with the mighty socialist camp, constitute a huge Zone of Peace.

The war tension has been reduced; the immediate menace of war has been removed. The socialist world system has strengthened economically and politically. All this is a tremendous achievement of the Soviet Union, which is building Communism, of the Chinese

People's Republic, the entire socialist camp, of progressive mankind.

The easing of the war tension and the removal of the immediate danger of war does not mean, however, that the struggle between the two camps has ended or abated. Many people are apt to forget this fact. The imminent war danger, the threat of direct military conflict has diminished but has not been ended. At the same time, however, the ideological and political struggle is becoming sharper. Rifts are appearing within the imperialist camp. France is no longer a secure pillar of the Atlantic Pact as she was a few years ago. The antagonisms between Britain and America are becoming sharper.

American imperialism and the other imperialist groups have been compelled, by the change in the international situation, to adopt new tactics, but they have not relinquished the struggle. They are continuing the struggle under a different situation and in different forms. They are trying to disrupt the unity of the socialist camp. They are trying to exploit the fact that those people who benefited from the bygone anti-people's regime have, with the elimination of the cult of the individual which developed around Stalin, and with the development of socialist, proletarian democracy, again become active in the People's Democracies. Exploiting the possibilities provided by democracy, they are trying to mobilize these people in the interest of their reactionary, imperialist aims. The imperialists, relying on the internal reactionary forces, are doing their level best to stir up trouble

in the People's Democracies. They are trying to weaken the ties between these countries and the Soviet Union, and to undermine the socialist camp. And when we say that the ideological and political struggle is becoming sharper with the lifting of the immediate danger of war, we must also refer to forms of struggle which are by no means ideological, such as the smuggling of spies, diversionists and provocateurs into the People's Democracies and the Soviet Union, the periodic provocative flights of war-planes over the borders of these countries, and the gangster attack recently committed against the peaceful passengers of an airplane of the Hungarian airlines, etc. Moreover we should take notice of such forms as the murderous provocation at Poznan. It would be a serious mistake to fail to draw from the Poznan provocation the lessons pertaining to the situation and tasks of our country as well. As a matter of fact, the enemy has stated openly in more than one hostile newspaper, and on the imperialists' radio broadcasts, that it is eager for a "Hungarian Poznan". This is wishful thinking indeed!

The essence of the present international situation is, in brief, that the socialist camp has grown stronger and the positions of the imperialists have become weaker. We are moving ahead on our own correct path. Certain imperialist groups, however, refuse to accept this fact and are doing their utmost to interfere with our progress along the path of consolidating peace, building socialism, and raising the living standards of our people.

Extensive Democratization within the Country

The main feature as regards the internal situation within our country and our Party is that an extensive process of democratization has been going on within the country since June 1953 — although the process has been far from even and there have been occasional relapses — and especially since the historic 20th Congress of the Communist Party of the Soviet Union. There has been a growth of activity, and direct participation in state, economic, social and Party activity, by Party members and non-Party working people. At the same time, Party members, the Party actives and non-Party people alike have become more critical of our shortcomings, and have displayed greater initiative in the interest of rectifying the mistakes and overcoming the shortcomings as soon as possible, successfully building socialism in our country, and raising the living standard of the people, which is one of the principal aims of our entire work.

A vast and invincible force is represented by the tremendous activity and readiness to act, the constructive and helpful criticism,

developing among the masses. Our Party and its leadership must understand how to utilize this force to good avail for the successful solution of the tasks facing us.

This growing activity is shown by the discussion which has developed around the draft directives for the Second Five-Year Plan, and which has assumed the proportions of a mass movement. It is commonly known that over 35,000 proposals were put forward, in writing alone, by manual workers, intellectuals, cooperative and individual farmers, by the man-in-the-street, organizations, scientific and other institutions. All this goes to prove that our system is a real people's system, that the working people regard the people's democratic system as their own, even though they may criticise some of our mistakes and excesses, and take a stand against bureaucracy.

We Should Not Overlook the Class Enemy

The enemy is, however, attempting to exploit for his own ends this situation in which mass

activity — which should be encouraged and developed, as well as guided by the Party — has grown both within and outside the Party. It would, of course, be a grave mistake to classify as an enemy everybody who disagrees with the Party or its leadership on certain questions. We should not forget that many honest Party members and non-Party people fail to grasp the new situation; that it is not easy to find one's bearings under the new conditions; and that some people have been confused by the enemy, without being aware of it. Those who do not see matters clearly are not necessarily enemies. In fact it is precisely the enemy who tries to get us to put everybody under the same hat, and to identify as hostile persons, people who display insufficient understanding or a lack of understanding on certain issues, because the enemy needs this as a cover. At any rate, we would only be assisting the enemy, and not the Party, the working class, or the People's Democracy, by labelling as hostile elements all those who fail to find their bearings in the new situation, or who do not comprehend certain questions.

It would be a fatal mistake, however, to ignore the fact that the enemy exists; that the enemy has become more active recently; and that particularly the imperialist forces outside the country are attempting to mobilize the reactionary forces within; or to believe that class peace reigns within the country and on an international scale, and that everybody has become a "decent chap". If we were to judge the situation in this way, we would be bourgeois liberals and not Communists. The class enemy is indeed busy. And to some extent he has succeeded in influencing well-meaning, honest but misled people. As luck would have it, there was no Poznan in this country, but one of the imperialist radio stations boastfully called what took place at the Petöfi Club "a little Poznan". Not all was bad which took place at the Petöfi Club; some proposals were made that are well worth considering, as stated clearly in the June 30th resolution of the Central Committee. There were many honest people at the Petöfi Club, who are devoted to the Party and the People's Democracy, including not a few Communists who are anxious about the Party and support Socialism implicitly, who are good Hungarian patriots while being proletarian internationalists. But it must be stated, at the same time, that a second political centre was taking shape in and around the Petöfi Club, which ran counter to the real political centre of the country, the Central Committee of the Hungarian Working People's Party. Without a doubt this was an organized action.

The General Line of the Party Corresponds with the Interests of Socialist Construction, of Our People and the Country

One may ask, with reason, how such a situation could develop. Was not the policy of our Party, the general line of our Party, correct before and after the 20th Congress? The policy of our Party was essentially correct; the general line of the Party was in accord with the interests of socialist construction, of our people and country! The Central Committee did not have the opportunity at the March session of the Central Committee, following the 20th Congress of the Communist Party of the Soviet Union, to elaborate in detail the tasks and measures which should be implemented in the spirit of the 20th Congress, and taking due account of Hungarian conditions. Perhaps it would have been more correct to hold the meeting of the Central Committee a month later and then to adopt a resolution encompassing the concrete tasks right at the Central Committee session. As it is, the Central Committee was able to give only general guidance and directives to the Political Bureau as to how it should elaborate the tasks. The Political Bureau got down to work on this task.

We believe that the line of the Political Bureau was correct after the 20th Congress. But for a while there was a certain hesitation and delay in the implementation and realization of this correct political line. A contributory factor in this situation was that Comrade Rákosi, First Secretary of the Central Committee, was not fully able — although he tried — to readjust his own work, and that of the Political Bureau and the Secretariat of the Central Committee, to the new requirements. It is primarily the task of the Secretariat of the Central Committee to assure the implementation of the resolutions of the Central Committee and the Political Bureau. The hesitation was due, in part, to the grave errors committed earlier in the questions of the cult of the individual and observance of the law, — chiefly prior to June 1953. Measures were instituted as early as 1953 to eliminate these errors, but subsequently they came to a standstill for a while; later, they were resumed with greater zeal, and now have been completed. Finally, the uncertainty was increased by the fact that the Political Bureau did not feel — due to a number of reasons — that it had the united support of the Central Committee. On the contrary, it felt that the Central Committee was not completely homogeneous in its relationship to the Political Bureau, or to certain of its members, and that complete unity in all questions of Party policy was lacking among the members of the Central Committee.

The Political Bureau, of course, is to blame for this situation, first of all, because it was not energetic and bold enough in eliminating the obstacles; it did not give consistent leadership to the ideological and political struggle aimed at rectifying the past errors, implementing the spirit of the 20th Congress in line with Hungarian conditions, and consistently democratizing our state, social, economic and Party life. The discussions concerning the major questions in the life of the country were not taking place primarily in the Party under the guidance of the Central Committee, the Political Bureau and the leading party bodies, although discussions in the Party organizations did take place, the Party membership had become more active, and Party work had picked up. It should be stated frankly — though this was not the decisive issue — that the Central Committee of the Union of Working Youth, or rather its Executive Committee, also committed a mistake when it allowed the leadership of the Petöfi Club to slip out of its hands. Furthermore we made a grave mistake in letting the guidance of *Szabad Nép* and the Press in general slip out of our hands, and we failed to give proper guidance to the Radio, thereby causing no small confusion among our Party cadres, among its active, among the Party membership, and honest working men and women, who are loyal to the Party and support the People's Democracy.

The Party Believes in Debate but Refuses to Give a Platform to Hostile Views

The Political Bureau and the Council of Ministers, on the proposal of the Political Bureau, have instituted a number of measures, and drafted additional measures, to put an end to over-centralization in the state administration and in the national economy. They have commenced the important work of simplifying State administration and the entire state apparatus. They have taken steps to extend democracy. At the same time, however, since they did not give guidance to the ideological and political struggle, it digressed in the wrong direction. There is, indeed, a need for discussion. The Party's policy and the important tasks facing the country should be debated thoroughly and in detail. As I have said, it was incorrect not to discuss the basic questions within the Party organizations. This should be changed. But of course people may and should discuss not only within the Party organizations. The biologists, the economists, the philosophers, the historians, the physicists, the writers, etc., should debate among each other. It is not absolutely necessary that the Party and its leadership should always have a direct

say in everything and at all times, in such discussions. There should be debates within the Party. But a Marxist-Leninist Party — as our teacher, the great Lenin has said — is not a debating club but a militant organization. Therefore debates are permissible, in fact necessary, before resolutions are passed, but the resolutions have to be implemented by every Party member, organization and Party organ. To this should be added that the Party champions debate and free speech, but refuses to furnish a platform for hostile views which conflict with the essence and the Constitution of the People's Democracy. The Party needs allies. It wishes to work with every honest patriot, with all men and women, who have good intentions and act in good faith, even if they are not Marxists-Leninists! But the Party — and we say this emphatically — cannot and will not make concessions in questions of Marxism-Leninism, cannot and never will compromise on ideological questions.

Economic Tasks

As far as the economic situation of the country is concerned there has been steady improvement since 1954, although progress has been relatively slow. We not only fulfilled, but overfulfilled, by more than 2 per cent, the industrial output targets for the first six months of 1956. Productivity is increasing and production costs are declining. There has been some improvement in the development of the technical level, although this improvement can by no means be called satisfactory. Our foreign trade shows an upward trend as compared to 1955. But our position is still tense. Since the end of last year we have stopped running into debt to the capitalist countries and, if we work well, we may be able to reduce these debts to some extent by the close of this year. It appears, however, that we will not be able to meet the targets fully in this sphere, despite the relative achievements.

The fuel supply is a knotty problem — the major problem of our national economy — as is the supply to industry of certain raw materials, chiefly metals. The difficulties in the fuel supply stem largely from the fact that our most important oil fields, which are at Nagylengyel, are becoming waterlogged; and in order ultimately to obtain the oil from the depths of the earth, we had to cut the oil production target, in the middle of this year, by about 320,000 tons as compared to the original plan. This is, under our conditions, a very large quantity, equalling about 1,000,000 tons of coal. And although our wonderful miners are overfulfilling the plan for coal output, and we are requesting them to produce at least 300,000 tons of coal above the

target in the second half of 1956, we must realize that this is not enough in itself to solve the fuel problem. The Government therefore is doing its utmost to cope with this thorny problem. The problem of the supply of copper, tin and other metals, and of chemicals is another very difficult question. Here, too, though we cannot expect to find a full solution to

this question immediately, we shall try to provide at least fair supplies and to put an end, in 1957, to the present supply difficulty.

As far as agriculture is concerned, a middling crop can be expected, although a final opinion can not be given as yet — and this will promote the smooth implementation of the national economic plan.

The Attention of the Party Should be Focused on the Tasks Ahead, on the Labour of Socialist Construction

I think that, in the present situation, the Central Committee is occupied with the past and the present chiefly in order to determine the tasks ahead correctly, to ascertain correctly what is to be done. The attention of the Party should not be centered on the past. We should take note of the errors, recognize the causes and circumstances which led to them and, on this basis, rectify the errors. But self-criticism is not self-laceration. The attention of the Party should not be focused on the errors which we ourselves have exposed, without any external compulsion or pressure, but rather on the things to be done, on the tasks, on the creative labour of socialist construction. We have discussed the problems and mistakes of the past, and we are discussing them at this meeting as well. The Central Committee and the Political Bureau have already taken effective measures to rectify the grave errors of the past, and the present plenary session of the Central Committee has adopted, and will adopt, additional measures to this end, in order to prevent the repetition of similar errors in the future. The interests of our Party and the working class require that we should therewith close these questions and open a new, fresh chapter in the history of the Party. It is not in the interests of the Party, the working class, and the people in general that we should speculate on these errors, and wallow in the mistakes of the past.

Forward in Building Socialism with Firm Unity of Principle

It is in the interest of the Party, the working class and our people, that we should march forward on the broad highway of socialist democracy, socialist construction, developing the national economy and raising living standards. To do this a firm principled unity is required, primarily within the Central Committee and, beyond that, between the Central Committee and its political organ, the Political Bureau, furthermore among the Central Committee, the Political Bureau and the broad Party active, and, finally, within the entire Party. Our Party, to achieve this, must indeed be a voluntary, militant alliance

of people holding identical views and pursuing one and the same policy. This is the prerequisite as well for the Party's becoming more closely welded to the millions of non-Party masses!

The unity of the Central Committee, the unity of the Party on the basis of clearly defined principles, and hence complete unity of action is the guarantee that we shall surmount all difficulties; that we shall fully utilize the auspicious situation created for the People's Democracies and the entire socialist camp in the first instance by the correct, bold and consistent policy pursued by the Communist Party and Government of the Soviet Union during the last three years, which culminated in the 20th Congress of the Communist Party of the Soviet Union.

What are the major tasks confronting our Party, State, and country as a whole?

Continue Democratization without Vacillation

We shall, without vacillating, ensure first of all the continued democratization of the country. The draft resolution submitted to the Central Committee deals in detail with this task. But this is proletarian, socialist democracy, and not bourgeois democracy as some people imagine it to be.

An important aspect of democratization is that the National Assembly should be accorded a greater role. The most important questions concerning the country and the people should be submitted, as far as possible, to the National Assembly for debate and decision, instead of being settled by decrees issued by the Presidential Council.

The National Assembly, therefore, should be convened more often, and should work with a broader agenda. It appears necessary to assign a greater role to the National Assembly committees, and to activate them. Everything must be done to see that the members of the National Assembly establish closer contact with, and make reports to, their constituents. It is the opinion of the Political Bureau that, in the interest of promoting closer contact, the present list system should be changed

and a system of voting by individual electoral districts proposed. This will give an opportunity to develop direct contact, and will make a reality of the constitutional provision that the electors should be able to recall any MP who does not represent their will.

Coincident with increasing the activity of the National Assembly, the Presidential Council should, in our opinion, be given a greater role to play.

At the same time, the Council of Ministers should take more firmly in hand the guidance in major economic, cultural, political and other questions — but only in major questions — thereby allotting greater scope to the ministries, the Budapest and County Councils, and to the local Councils in general.

Greater Participation of the People in the Exercise of Power

Many functions should be handed over by the higher bodies to the lower bodies, which should be ensured a real sphere of authority and greater initiative. The local councils should be given wider economic and financial independence — in this respect a number of measures have already been taken — and more power in other spheres, such as cultural, educational and health, while observing and guaranteeing the principle of unified management.

The democratization of the country presupposes greater publicity and more regular supply of information to the people of the country; the planned development and encouragement of initiative from below and on the spot; and that the higher bodies should place greater reliance on the broad masses of the working people and on the lower bodies. It also presupposes that the State bodies, and primarily the councils, should establish wider contact with the people and ensure their increased participation in the exercise of power.

A fundamental prerequisite of extending socialist democracy is the strict observance of socialist law in all spheres, the strengthening of the right of the people to be secure in their persons and property, the election of judges in accordance with the constitution, and the improvement of the work of the organs of the Ministry of the Interior and the judicature in the closest possible contact with the people.

We have, under the leadership of our Party, put an end to the most glaring violations of socialist law. But much remains to be done along these lines. The draft resolution submitted to the Central Committee outlines a well-considered, comprehensive programme of broad and highly important measures, which, if adopted by the Central Committee, will have to be implemented with iron consistency.

We must prove in practice that socialist law protects all citizens of the Hungarian People's Republic, and is binding upon all citizens; that everybody is equal before the law of our people's democratic state, irrespective of person! Unlawful acts and violations of the law have no place in the life of the people's democratic system, of a state building socialism.

The democratization of the state, economic and social life, in a people's democratic, socialist sense, makes it inevitable that, at the same time, we should raise with increased emphasis the question of state and civic discipline. Without people's democratic, socialist discipline, there can be no people's democratic, socialist democracy! Our people's democratic state must be consolidated and strengthened, and not weakened. To strengthen it, of course, does not mean increasing the number of functionaries but it does mean that we should make it still more democratic; that we realize, and give expression to its worker-peasant character to an increased extent; that we win the growing support of the working masses by correct measures and good work. It means that we develop and strengthen our national economy with the aid of the brawn and brains, the creative labour of the millions; and that we overcome the bureaucratic excesses and distortions of our people's democratic state by staunch and persistent struggle and well-considered measures, always relying on the working people. It means improving our national defence and state security in quality, without increasing the personnel which, on the contrary, we want to reduce. Our army and state security organs should be more strongly imbued with the spirit of our Party's policy. We must absolutely modernize the equipment of the army and particularly of the air force, and place training on a higher level. We must ensure that the armed forces are the blood and sinew of our people; and that the army and state security organs, as well as our police force, which is greatly needed by our country, should enjoy the devoted support of our people.

Comrades: When speaking about the main tasks confronting us in our State and economic life, we must supplement our remarks by two important questions. One of them relates to our economic life and the other to our state life.

Greater Emphasis on the Principle of Material Incentive

In our economic life and activity, we have not been able so far to build sufficiently on the material incentive of the individual workers, groups of working people, and of the individual enterprises and organs. It is certainly correct for us to count on consciousness, on socialist

enthusiasm and patriotism, on devotion to our people and state, and on the desire of the millions for peace, because all these factors go to make up a tremendous force. It is absolutely correct for us to appeal, on the basis of these factors, for assistance in solving our tasks. It is not correct, however, that we have failed to utilize sufficiently material incentive as an important motive force in developing the economy, although we have made some attempts to do so and have produced certain results. This is no simple matter, of course, because it must be applied in different ways in the different spheres of the national economy. But we must realize that the lack of incentive was, to no small degree, the reason why we often had to regulate in detail questions which should not have required regulation or should have been regulated only briefly and generally. This is one of the reasons why signs of bureaucracy have multiplied recently in our country. Therefore it is necessary — and more will be said about this in the report on the directives for the Second Five-Year Plan to be presented by Comrade András Hegedüs — that we radically change our methods of economic management, switching over from managing mainly by the issuance of decrees to other methods of leadership which are more direct, efficient and effective. Above all we should rely on the initiative of the lower bodies, on their handling a large part of the affairs.

Our State Is a People's Democratic, Socialist State

The second question I wish to raise relates to our state life. Undoubtedly there are still a good many bureaucratic features in our state life — including our economy, of course — as well as a fair number of bureaucratic excesses. We should combat by way of well-considered measures, relentlessly and without compromise, bureaucracy and bureaucratic excesses and distortions, wherever they may appear and whoever may be concerned. Recently there have been signs of the incorrect practice, on the part of some journalists — and other people as well — of engaging in generalizations and often labelling the employees of our state apparatus as bureaucrats, making things seem as if our entire system were some kind of bureaucratic state. Our state is a new state, a people's democratic, socialist state. As a people's democratic, socialist state it has but a brief history, in fact, a history of only a few years. The capitalist states, in contrast, have a history of 100 to 150 years, and some of them 300 years. Britain is a case in point. Moreover, our state is of an entirely different character and its tasks differ from the tasks

of the capitalist states. The capitalist state, instead of directing the national economy, is — as is well-known — directed by a handful of monopolists for their own selfish interest, with the aim of exploiting and oppressing the people. In our country, however, — and in every socialist state or country building socialism — the state is not directed by the monopolist exploiters, by a narrow oligarchy, in their own interests, but the state, under the leadership of the Party, guides the economy on behalf of the people, and for the people.

The vast majority of the employees of our state apparatus are worthy and honest people, who support our People's Democracy; they are not heartless bureaucrats. There are among them, of course, some who have become bureaucrats. But most of them are of working class or working peasant origin, or intellectuals who have sprung from the people, and they have preserved their ties with the people. These people may commit mistakes, and frequently bureaucratic features appear in their work, due to incorrect measures and instructions. There may well be, and undoubtedly are, certain people in our state apparatus who often and deliberately carry on intrigues; but they are an exception. Most of the employees of our State apparatus are not that kind of people. This must be said because hostile imperialist groups — and some of their supporters within the country — are trying by all means to sling mud at our people's democratic state.

This new state, the people's democratic state, its entire apparatus, with all its virtues and faults, is our state, our apparatus; it is a state which we would not exchange for any bourgeois state in the world. As to the faults, we shall join forces and correct them, under the leadership of the Party!

The struggle against bureaucracy, the simplification of our state apparatus and economic life, its decentralization, call for persistent, far-sighted, thorough and hard work in organizing and directing. As the draft resolution submitted to the Central Committee states, we cannot be in a hurry about this matter. The responsible task of simplification and decentralization can be correctly solved only by relying on the masses of the people, the working people. In the course of implementing this work, measures will have to be taken which will cause temporary difficulties for individual working men and women or groups of working people. But these measures are required in the interest of socialist construction and of raising the living standards of our people, of our progress as a whole. We shall implement these measures, however, in a way befitting a Marxist-Leninist party, a people's democratic state building socialism: display-

ing the greatest possible solicitude for the people, while explaining that the simplification of our state apparatus and of our higher economic apparatus, with a reduction in personnel, is necessary to our progress; and that in the Hungarian People's Republic we will guarantee, in the spirit of our Constitution, a job and a livelihood to all able-bodied persons. We cannot say that everyone will be given the same type of work he has been doing up to now, because, obviously, most of those included in the reduction of personnel will have to go into production. We prefer to do this more slowly and with the greatest possible circumspection. It is better to take a longer time in preparing these steps, but to do our utmost to reduce to the minimum the feeling of insecurity and shock which may temporarily accompany such measures.

Organize for the Fulfilment and Overfulfilment of the Plan

Furthermore, it is one of our major objectives to complete, during this year, and as soon as the directives are approved by the Central Committee, the final version of the Second Five-Year Plan, and to submit it as a proposal to the Government and the National Assembly. But the Second Five-Year Plan should not only be given the force of law; the Party and Government should, beginning right now, organize the day-to-day struggle for the fulfilment and overfulfilment of the plan in industry, agriculture, transport, in the national economy as a whole.

This must be accomplished not solely, and not even primarily, as to quantity, but also in accordance with the indices of quality; that is, as regards the increase of labour productivity, the reduction of production costs, the release of new products, the raising of the technical level, etc. Other economic tasks, of course, are included here, such as the proper organization of produce collection and the completion of farm work.

Although the directives of the Second Five-Year Plan figure in a separate item of the agenda, it is necessary to point out that the new draft directives which we are submitting to the Central Committee, differ from the original plan in several essential respects. We have tried to make the directives of our Second Five-Year Plan, as contained in this draft, even sounder and better-founded than before. To this end, we propose certain reductions in the chief targets. We suggest a 47-50 per cent rise in industrial output instead of the 50-52 per cent originally called for. We also propose certain reductions, by 1960, in the targets for the growing of cereals and of other agricultural produce, such as wool. We suggest that the

total volume of investments be reduced to some extent, as well — from the 78-80,000 million forints proposed earlier, to 76-78,000 million forints. In consequence of these changes, of course, the increase in the national income should be set somewhat lower — about 40 per cent instead of the 42-43 per cent that was stipulated earlier. The aim of this, Comrades, is to make the Plan, and particularly the supply of materials, more certain. At the same time, as regards the rise in living standards, we propose exactly the same targets as before: an increase of at least 25 per cent in the per capita real wages of factory and office workers, and a 25 per cent increase in the real income of the peasants, in cash and produce. These increases are made fully possible by the aforementioned 40 per cent increase, combined with an insignificant internal redistribution, of the national income, which will enable us to build up certain reserves as well.

The Political Bureau, in making the proposals for the reduction of the greater part of the main indices, had in mind, in addition to ensuring an adequate supply of materials, the aim of drafting directives ensuring greater reserves so that we should not be caught short in case some of the targets could not be met as scheduled, due to factors beyond our control, such as, for instance, a poor crop in agriculture for several years running, or some other deficit. In other respects, too, our Second Five-Year Plan is, of course, much better founded than our previous plans had been. We have learned a lot from the past errors, and we now must admit that at that time we had no experience in planning, nor did we have international experience in that field. This, of course, does not mean that no improvement can or should be made in the draft directives. It does not mean either that we do not have to make every effort to eliminate, when elaborating the plan in detail, all the deficiencies and uncertain points that still remain. But we should, of course, emphasize strongly that it will not be child's play to implement the plan just because it calls for only a 47-50 per cent rise in industrial output, and about a 40 per cent increase in the national income. Some people have voiced that opinion, but they are wrong. We must call attention to the fact that it will not be easy to fulfil this plan, and that concentrated efforts will have to be made by our Party, the working class and the entire people to bring it to success and, perhaps, to overfulfil it to some extent.

Among the immediate economic tasks, the Political Bureau deems it highly important to improve, with as little delay as possible, the living standard of the working people, and particularly of the working class. This must be done through sizing up the actual possibilities, rejecting the Right demagoguery which was cor-

rectly exposed as political adventurism by the March 1955 resolution of the Central Committee, and through building solidly and solely upon the economic strength that we actually possess. You are acquainted with the measures already taken, and which will be taken in the future, in furtherance of this aim. Such are: the price reduction that was introduced on May 1st of this year; certain wage adjustments; the resolution — already implemented — on the partial reduction of working hours; various measures in the field of welfare and health, which have either been carried out, or are under preparation or in the process of being implemented. In addition to this, the Political Bureau suggests that, in 1956 as well as during the following years, the Government should cease floating Peace Loans or any other state loan. At the same time, the Political Bureau proposes that the loans formerly floated for a shorter term than 20 years be transformed by the Government into 18-20-year, long-term loans, so that the state shall be spared excessive burdens. This would mean that no one would lose a single penny of what he has lent to the state, except that he would get his money back slower. The absence of state loans would mean an average increase of 4.2 per cent in the real wages of factory and office workers. We say "average" because the increase in each case would depend on the amount of the wages, the amount of the loan the employee has subscribed to, etc. We believe that the working people will welcome this measure.

The Government, at the proposal of the Party, already has reduced our Army by 20,000 men, taking account of the partial relaxation of international tension. The Political Bureau proposes that the Central Committee recommend to the Government that it take the necessary steps towards reducing the Army by an additional 15,000 men. In other words, within a brief period of time we would have reduced our Army by a total of 35,000 men!

The officers and soldiers who are discharged, of course, are to be ensured suitable employment in the national economy and, generally, in the state and social organs.

The Political Bureau proposes to the Central Committee — and this question is raised also in the Draft Resolution — that at this meeting it arrive at a decision in principle concerning the problem of regional reorganization. Several members of the Central Committee objected to this matter having been made public before it was discussed by the Central Committee. The objection and criticism are justified, but the proposal itself is correct and necessary. Actually, this is not a simple organizational question, but a question of great political importance. Of course it means not only the reorganization of public administration but of the Party

apparatus as well. What is more, its implementation must begin with the reorganization of the Party apparatus, because the Party will have to direct the entire work of reorganization. In addition, all the organs of home affairs should be reorganized. This is why I think that the objection and the criticism are justified but the proposal itself is correct and, in the opinion of the Political Bureau, necessary as well. The excessive number of administrative units is one reason why our state apparatus is too big. Larger administrative units should be established, about 10 or 12, including Budapest. Of course this is an approximate number; nothing definite can be said as yet. We have enlarged the area of Budapest itself too much, by adding to it purely agricultural communities as well. Probably we shall have to modify this, too. On behalf of the Political Bureau, I propose to the Central Committee that it should instruct the Political Bureau and the Council of Ministers to elaborate the final plans, on the basis of the above-mentioned directives, and to prepare their implementation so that the proposal may, in all likelihood, be presented to the National Assembly in October and be implemented before the end of the year, inasmuch as a new fiscal year will start on January 1, 1957. There is no need to prove that the continuation of the present state of affairs is undesirable, because it weakens civic discipline and makes it difficult to carry out the tasks of the state, due to the uncertainty of people in the state apparatus as to where they will be assigned to.

Consistently Advance the Party's Line for the Socialist Transformation of Agriculture

We shall continue to carry ahead, consistently and without change, the line of the Party for the socialist transformation of agriculture, while strictly observing the principle of voluntary membership, not in a passive manner, however, but by popularizing the achievements and by means of persuasion. The peasantry should be convinced that cooperative farming is the only road to prosperity.

We have a solid basis for doing this in the example set by a number of well-functioning cooperative farms of long standing. The pertinent instructions of the Third Congress of the Party, and the June 1955 as well as March 1955 resolutions of our Central Committee, are completely valid today and determine, also in this respect, the trend of our activities. Equally valid remains what was stated by the Third Congress and by the March 1956 resolution of the Central Committee, on the individual farms and our relations with the poor and middle peasantry, to the effect that we also support the individual farms, trying to help them better to utilize their production reserves;

that we rely primarily upon the poor peasantry, while endeavouring to establish a close alliance with the middle peasantry, in addition to the cooperative peasantry, at the same time remedying the wrongs which were committed in many places against the middle peasants by qualifying them as kulaks. This process is in progress, and we hope that the amends will be completed very soon, within a few weeks at the most.

Finally, we must make it clear that the kulaks should be granted all the rights to which

they are entitled as citizens of the Hungarian People's Republic. We shall not tolerate the commission of unlawful acts against them; nevertheless, the kulaks must be isolated politically. It is not in our interest to sharpen the struggle against the kulaks. On the contrary, it is in our interest that it should, if possible, not become sharper. But we must be on our guard. We must not permit anyone to violate the law and carry on intrigues against the cooperative farms, state institutions, etc.

The Major Task Is to Enforce Consistently the Leninist Standards of Party Life

As regards our Party — both inner-Party life and Party work — our primary tasks are to consolidate collective leadership, eliminate completely the hangovers of the cult of the individual, broaden Party democracy, continue to develop criticism and self-criticism, while consolidating Party discipline, which has been weakened in some places, and establishing iron discipline upon an ideological and political basis. In short, our major task at present is to enforce consistently the Leninist standards of Party life, including democratic centralism.

Both sectarianism and Right opportunism have deep roots in our Party. The sharpest and most consistent struggle should be waged on the ideological and political plane against both, in order to implement the Party's general line and its correct policy.

In what way has sectarianism appeared in our country, and how does it appear, in part, even today? Of course I cannot list all its manifestations now, but I do want to mention the major ones. Sectarianism was, and still is, manifested in the use of administrative measures and means in place of political explanation. For instance, just a few months ago, at the end of last year and the beginning of this year, certain regulations were applied in a number of villages in Vas, Zala and Somogy Counties, by evading and violating, in an impermissible manner, the instructions of the Central Committee; in fact, I should say, by deceiving the Central Committee. Those regulations, far from attracting the peasants to the cooperative movement, drove them away from the Party and the People's Democracy, and compromised the Party and the People's Democracy.

Administrative means are required in some instances, but they cannot be permitted to replace ideological and political explanation and struggle.

Sectarianism was also expressed in the dogmatic assertion of certain precepts believed to be irrefutable; in the lack of serious, penetrating discussions on scientific and political questions; in the cadre policy, which was often one-sided and intolerant. It appeared in the

one-sided interpretation of the class struggle, which was not based on an analysis of concrete conditions. It also was noticeable in the development of the cooperative farms. Sectarianism was manifested as well in bureaucratic methods of leadership, and in certain bureaucratic features of our state apparatus and, in part, of various other bodies, and even in the Party organizations. Sectarianism appeared in our often unjustified and slighting relations with the former Social-Democratic comrades. It was manifest in the equally often unjustified neglect of our allies, in not counting on them sufficiently. It was likewise due to sectarianism that the Patriotic People's Front was pushed into the background. The Party was correct in taking a firm stand against the Right opportunists who wanted to place the People's Front above the Party, and counterpose it to the Party; but it was a mistake to relegate the Patriotic People's Front to the background. Our Party has corrected this error in part, and will rectify it completely.

All this was, of course, and still is, connected with the relegation into the background of collective leadership in the Party, as well as with the cult of the individual, particularly prior to June 1953, but to some extent afterwards as well.

There were, of course, and still are, not only errors of sectarianism in our Party, but also gross Right errors. Moreover, there were Right deviations, as well, the chief protagonist of which was Imre Nagy and which were exposed by the Central Committee's March 1955, resolution.

That resolution, in itself, was correct. It not only exposed the Right deviation, but also made it clear that the struggle should be continued against the sectarian errors too. The mistake in our work consisted in failing to implement correctly all aspects of this resolution. On the one hand, we did not conduct a consistent ideological and political struggle against the Right views. We did not show where these views would lead to if they were permitted to predominate in the Party; we failed fully to convince the Party active and the Party membership of this fact. We failed to arm the Party active and

Party membership sufficiently, and, therefore, were not able to convince people who are loyal to our People's Democracy. We omitted carrying out this extremely important task among the intellectuals, particularly among the professionals. On the other hand, despite the fact that the resolution expressly warned us that the intensification of the Right errors and the necessity of combatting them should not mean the failure to take a resolute stand against the errors of sectarianism, we forgot about this for a while in practice. To do this was a grave error also because it brought grist to the mill of the Right deviators, strengthening the Right tendency.

All these facts go to prove that under the present circumstances — and, actually, this applies to all circumstances — we must particularly beware of restricting our political activity to empty formulas. We should not discuss, like pedants, whether the "Right" or the "Left" danger is the greater and which is the main danger. Under the present circumstances both constitute a grave danger for us, and they are often so closely interwoven that it is hard to classify them as "Right" or "Left". The Right, sectarian and opportunist phenomena should, at all times, be subjected to analysis in accordance with the concrete circumstances, and, on the basis of that analysis, all anti-Party, anti-Marxist, anti-Leninist views must be fought as well, of course, as all attacks aimed against our Party and state! Without identifying the two, our Party must unflinchingly rebuff all such attacks, with a single will!

We Must Change Our Style in Party Work and Party Leadership

In order to accomplish successfully the tasks facing us, we must, in addition to what I have already mentioned, substantially change our style in Party work and Party leadership. We have been holding too many meetings, writing overly long resolutions; devoting too much time to paper work and too little time to the direct organizational activity and guidance, to dealing directly with the people, with the Party cadres, or giving direct assistance to the organizations. We have to change this. It will not be easy to do so. We have become accustomed to working in the old way. The Party workers and organizers should be judged on the basis of the success of their work, and not according to the kind of reports they hand in — although good reports are important. And the results can be measured primarily by the economic achievements. Just as important today, of course, is a lively Party life, its collective character, the clarification of ideological and political questions, propaganda work, and the correct orientation of the Party

members and non-Party people alike. Yet all these serve but one purpose: that we may proceed with more certainty and more rapidity along the path indicated by our Party's general line, and that we may fully implement the policy laid down by our Central Committee.

We should help the Party, the Party organizations and the Party active in dealing with economic questions more directly and more thoroughly. We should assist them in becoming acquainted with the problems of industry, agriculture, and the economy in general, for without this they will be incapable of guiding economic activity and state work in general. We have registered some results in this field, which it would be wrong to underrate, but we have not achieved a complete turn for the better as yet.

The Party members should be taught to state their opinion boldly, sincerely and without apprehension, just as you have done here in the Central Committee in discussing the first item on the agenda; but they should do it in a manner worthy of a Party member, with restraint and without losing sight of the interests of the Party. Likewise, the Party members should be educated to take a bold stand, openly and without fear, against all anti-Marxist, anti-Communist, anti-Leninist views, and to fight against all hostile manifestations directed against our Party, the Party's leadership, or our state. They must know, however, how to distinguish between good friends and enemies. We must educate the Party members and Party organizations to be vigilant against fresh, more complex and unforeseen attacks on the part of the enemy, and to rebuff all such hostile attacks.

The work of the trade unions is of extreme importance from the viewpoint of deepening and consolidating our Party's ties with the masses. The trade unions in Hungary have a much greater significance than in a number of other countries, and they possess great traditions, too. In this country of nearly 10,000,000 inhabitants, about 2,000,000 people belong to the trade unions at the present time. Of late the work of the trade unions has shown a certain improvement, but also in this field a great deal remains to be done. Likewise, the work of the Union of Working Youth has improved, but we cannot keep silent about the fact that some people in the U.W.Y. are, or at least were, whether intentionally or not, directing the work in such a way as to separate the struggle of the U.W.Y. from the Party's struggle; and that apparently some comrades in the U.W.Y. are beginning to entertain certain bourgeois liberal-democratic illusions. The Executive Committee of the U.W.Y. should be united, and give united and indivisible support to the Party and the Party's leadership!

Mention has been made here of the fact

that, following the Third Party Congress, certain mistakes were committed in the question of the Patriotic People's Front, that we have corrected these mistakes in part and are working to eliminate them completely. Our Political Bureau deems that the Patriotic People's Front plays — and is bound to play — a highly important role in the life of our country and people. You are well acquainted with the measures that were instituted to inject fresh life into the Patriotic People's Front and to increase its role. In our opinion, the guiding principles given by our Party at its Third Congress continue to be valid in this sphere as well, and it is in the spirit of these principles that we have taken, and are at present taking, a number of measures.

Comrades,

Our Party is primarily the party of the working class, but over and above that, it is also the party of the working peasantry, of the intellectuals, of our entire people; it is in the fullest sense of the word, as its name indicates, the Hungarian working people's party!

Our working class is proving, through its splendid work in production, with its almost unanimous support for the Central Committee's June 30th resolution, and in a thousand and one other ways, that it firmly supports our Party. The cooperative peasants, too, support our Party resolutely. As regards the individual peasants, their attachment to our Party and to our People's Democracy is evidenced primarily in their diligent work on the fields, in the consolidation of discipline in the fulfilment of delivery obligations, as well as in their active participation in the struggle for peace. The bulk of the intellectuals are zealous backers of our People's Democracy and Party. But it would be a mistake to remain silent about the fact that we have differences of opinion with certain sections of the intellectuals. This is particularly true of a considerable part of the writers. We believe that these matters should not be handled rashly. Our Party and our people call upon the writers, first of all, to write good books, novels, or poems. We do not want to dictate to them, but we do wish to expound our views, and we ask that the writers observe and portray Hungarian reality in its interconnections and development; that they should show the mighty progress which has taken place in our country since liberation, depicting life in its entirety, truthfully and on a high artistic level, and should not scrutinize only the shady side of our present-day life — although, of course, this too must be shown. We think that with a correct policy — and, beyond doubt, our Party's policy is correct — and through the complete unity of the Party and the Party leadership, we shall find a solution to every

problem. We shall come to an understanding with the writers also, and with all those persons, as well, with whom we now have some differences of opinion.

Our Party has an important debt to pay off to the peoples of Yugoslavia and the Yugoslav League of Communists, as well as to the leaders of the Government and Party of the Yugoslav People's Republic. You know what I am talking about. We have done a lot up to now towards wiping out this debt. Essentially, we have settled the relations between the two countries, but this is not enough for us. We are Communists, Leninists, proletarian internationalists, and we are building socialism in our country under the Party's leadership. We are convinced that they are building socialism in Yugoslavia as well, under the leadership of the Yugoslav League of Communists. Therefore, we deem it necessary to retract the aspersions which, in the tense international situation, we cast on the Federal People's Republic of Yugoslavia, the Yugoslav people and its leaders, and we propose the opening of talks with the aim of establishing friendly, comradely ties between not only the two states but also the two Parties. We propose this not only because it is in the best interests of our Party, country, and People's Democracy, but also because we are proletarian internationalists.

The durable alliance of the working class and the working peasantry, and the leadership of the working class within this alliance, is the foundation of the entire policy of our people's democratic state and of our Party. Our Party must do everything in its power to deepen and consolidate this alliance, to make it indissoluble, so that it may face all attacks and hostile intrigues. In this way our people's state will be able to overcome all difficulties.

Comrades,

Despite the temporary difficulties, our Party, the Hungarian Working People's Party, is a strong party. It is a strong and mighty party, because it unites in its ranks broad masses of people, primarily the class-conscious workers, working peasants and intellectuals. It is a strong party because it relies on the millions of the people, because it has been working hard and with devotion, and waging a selfless struggle for the last 40 years on behalf of our working class, our people, our country's freedom and independence, for socialism!

Our Party is strong, because it voices the aspirations of millions of people, merging them in a mighty, surging stream, in its unswerving struggle for the country's progress, the extension of socialist democracy, for a durable peace, and for the relaxation of international tension.

Our Party is a strong party, because it is profoundly imbued with love for our working

class and people; because it is a deeply patriotic party, being at the same time, a party of proletarian internationalism; because we have on our side the Communist Parties of all the countries of the mighty socialist world system, as well as the Communist and Workers' parties of the capitalist and colonial countries. And, last but not least, our Party is strong, because we have the support of the glorious Communist Party of the Soviet Union which assists us with advice. Our Party is strong, because international solidarity and proletarian internationalism are living realities!

Our Party is strong, because it is guided by the invincible and immortal teachings of Marx, Engels and Lenin, which are scientifically grounded and have been tested in the crucible of history.

Our Party, and our people's state guided by our Party, are strong and will continue to grow stronger, because we are all resolved, every time and wherever we must tackle complex, difficult problems, to turn to the Central Com-

mittee, the Party committees, the Party active, the Party membership, to the broad masses of the working people. We shall frankly and sincerely, now and in the future, reveal to them not only the achievements — which should be spoken of — but the difficulties as well. We shall tell them how we intend to overcome these difficulties; we shall consult with the working people, boldly relying and counting on them.

Comrades,

That party, which has a correct political line and which is united, disciplined and relies firmly on the broad masses of the people, can move mountains. This is the kind of Party that our Party shall, and will, without doubt, become; a Party, steeled in many glorious and difficult battles, a Party that has led to victory in our country the cause of the Hungarian working class and the Hungarian working people — the Hungarian Working People's Party.

(*"Szabad Nép"*, July 19, 1956)

RESOLUTION ADOPTED AT THE CENTRAL COMMITTEE MEETING OF THE HUNGARIAN WORKING PEOPLE'S PARTY JULY 18-21, 1956

The 20th Congress of the Communist Party of the Soviet Union made a deep impression on the entire political, economic, cultural and social life of our country.

Our Party, the working class, and the working people warmly welcomed the historic decision of the 20th Congress of the Communist Party of the Soviet Union concerning the consolidation of peace, the continued advance of socialism, and the possibility for the building of working-class unity. A deep impression was left on the Hungarian working people by the Leninist conclusions pertaining to the active, peaceful coexistence of countries of differing social systems and the various paths leading to socialism, as well as the bold conclusion that war can be avoided and peace can be preserved. The working people were particularly impressed by the Sixth Five-Year Plan aiming at the general upswing of the Soviet economy, and the improvement of the material, cultural and social standards of the Soviet people.

The Central Committee, voicing the opinion of the entire Hungarian working people, is happy to observe a certain relaxation in international tension, and that the possibility exists for ending the "cold war".

The Central Committee states that the bold step taken by the Communist Party of the Soviet Union to expose and eliminate completely the

harmful consequences of the cult of the individual has rid the international working-class movement of a heavy burden, and will lead to the continual advance of the international working-class movement. It demonstrates, at the same time, that there has been, and is, in the Central Committee of the CPSU a leading core of Leninists which is the continuer of the great Lenin's principles, and capable of the creative application of Marxism-Leninism to our epoch.

The Central Committee states that certain imperialist groups and reactionary forces within the country have intensified their intrigues in order to divert attention from the major decisions reached by the 20th Congress of the CPSU in the interest of the peace of the Soviet people, and people everywhere, and for the victorious forward march of socialism. These forces are attempting to direct public attention to the negative phenomena manifested in Stalin's activity, hoping thereby to disrupt the unity of the international working-class and communist movements, and to reduce the attraction exercised by the ideas of the 20th Party Congress upon the peoples.

The Central Committee fully agrees with the analysis given by the June 30, 1956 resolution of the Central Committee of the CPSU, concerning the development and propagation of the cult of the individual; and declares that the cult of the

individual does not rise from the essence of the socialist system but that, on the contrary, it is alien to the socialist system. Socialism, which is a real democratic system of the people, is eliminating — wherever it has appeared — the cult of the individual and its harmful consequences, and continues to develop socialist democracy.

I. Major Party and Government Measures Adopted During Recent Months

The Central Committee determined its line during the last few months on the basis of the resolution of the Third Congress of the HWPP, the resolutions of its June 1953 and other important sessions, relying on the rich experiences of socialist construction in Hungary, and on the lessons to be drawn from the 20th Congress of the Communist Party of the Soviet Union.

The Party has endeavoured to place in the forefront of its work the economic problems of socialist construction; to organize the struggle for the fulfilment of output targets in industry, in agriculture and other fields of the economy, and to promote higher output and the reduction of production costs. The Party has continued its efforts to raise the living standard of the working people, and particularly of the working class, to increase the working peasantry's feeling of security in farming, and to raise the social and cultural standards of the working people.

The Party and the Government have taken measures to do away with bureaucracy and over-centralization which have retarded our economic progress, and they have prepared the ground for the radical improvement of economic management. The Party has tackled the big job of the further democratization of the state, and has firmly proceeded along the path of consolidating socialist observance of the law.

As far as international relations are concerned, the Party has pursued a consistent policy of strengthening cooperation with the socialist countries, and promoting the active, peaceful coexistence of countries with differing social systems.

1. The joint efforts of the Party, the Government and the working people for the fulfilment and overfulfilment of the output targets have been generally successful. Industry considerably overfulfilled the output targets for the first six months of 1956, although a number of adverse factors were detrimental to production.

The output of socialist industry for the first six months of 1956 rose 6.8 per cent above that for the identical period of 1955, while labour productivity was 4.9 per cent higher for the same period. This indicates that industry is continuing the auspicious development which commenced in 1955. The outlook in agriculture holds out the promise of a fair to middling crop.

The situation in foreign trade — which is so important for the national economy — has im-

The Central Committee continues to regard the unity of the countries belonging to the world system of socialism, and the strengthening and consolidation of international solidarity among the Communist and Socialist parties of the world as the major guarantees of upholding world peace and the socialist progress of the peoples.

proved to some extent. Foreign trade shows an active balance for the first six months of the year; this means that if we intensify our efforts, our foreign debts will be diminished by the end of the year.

Despite the encouraging development, considerable difficulties still exist in the national economy, primarily in the supply of materials (for instance, the fuel supply).

2. The Government has, on the basis of production achievements, and at the proposal of the Party and the Trade Unions, set the minimum basic wage at 650 forints for workers employed according to time rating, thereby raising the incomes of 170,000 employees. Wage adjustments, coupled with wage increases, were put through in several branches of the economy, making the wage-system more realistic and fair, and a bonus system, providing a more correct material incentive was introduced. The prices of 6,500 articles were reduced on May 1st, by 10 to 40 per cent, meaning a saving of about 900 million forints annually for the working men and women. The hours of work of employees engaged on certain jobs hazardous to health have been reduced from 48 to 36-42 hours.

As a result of the solicitude of the Party, and of governmental measures, the supply of foodstuffs and consumer goods has improved during the past few months. The meat supply, which has been a problem for many years, has improved substantially in the towns and, by and large, in the countryside as well.

Retail trade marketed, in the first six months of 1956, 8 per cent more goods, worth 1,600 million forints more than in the same period of 1955. The trade agencies, despite the improving goods supply, were unable to meet the demand fully in a number of articles.

3. As far as the improvement of economic management is concerned, the measures elaborated and introduced by the Government, at the proposal of the Party, were directed primarily towards eliminating the flagrant irregularities of over-centralization. As a rule, these measures acted favourably but the resolutions with regard to simplifying administration and the merging of counties, rural districts and town districts have given rise to uncertainty in several places within the state and economic apparatus. Important measures have been taken during recent months, or are being drafted, aimed at sim-

plifying technical and financial matters connected with capital investments, to extending commercial methods in economizing with material, increasing the independence of enterprises and banks in financial management, providing a sounder foundation for the plans, and reducing the number of plan indices. Of special importance is the fact that the plans for agriculture place far less obligations upon the producers. The discussion of the Second Five-Year Plan involved the broadest masses of the working people, and 22 big factories have drafted their second five-year plan independently. All these changes tend towards the decentralization of economic management, greater democracy therein, and the proper utilization of financial incentive.

4. The Party has proposed several measures to give the councils greater independence and to augment their funds. Their sphere of jurisdiction has therefore been expanded, and their financial and budgetary powers have grown. Initial steps have been taken to continue the process of democratizing the activity of the Presidential Council and the National Assembly and to improve the work of the MPs.

Measures were instituted to put an end to certain violations of the law concerning broad sections of the working people, in the interest of consolidating observance of the law. The government has, at the recommendation of the Party, settled certain questions of the labour statutes. The settlement of the cases of middle peasants formerly qualified as kulaks has particularly great importance in the countryside.

The elimination of the consequences of grave violations of the law, committed in connection with some political trials in the past, has been speeded up during recent months, and will be completed shortly. These innocent people — revolutionists, communists, veteran fighters of the working-class movement, our comrades — sentenced on the basis of trumped-up charges in the course of unlawful proceedings prior to 1953, have returned to our ranks, and are once again fighting shoulder to shoulder with us in building socialism. The return of comrades, who had been unjustly sentenced, to Party activity has strengthened the confidence of the Communists and of the working people in the Party.

During the rehabilitation proceedings, 474 cases were dealt with and the great majority of the people involved have been rehabilitated. Our Party members who had been arrested have, in general, been rehabilitated by the Courts; their Party and trade union membership has been settled; they have been placed on jobs, and financial compensation has been granted them. We are, however, confronted with other tasks in this respect. Innocent Party members, who had been arrested and who gave signal

service in the past, have been rehabilitated and their expulsion from the Party has been rescinded, including Comrades Ferenc Donáth, Zoltán Horváth, János Kádár, Gyula Kállai, György Marosán, György Pálffy, László Rajk, Pál Schiffer, Tibor Szőnyi and Imre Vajda, former members of the Central Committee; and Comrades Géza Losonczy and István Szirmai, former alternate members of the Central Committee. Some of them have been re-elected to the Central Committee. Árpád Szakasits has also been rehabilitated by the Courts and his Party membership is under review.*

Steps have been taken to remedy the wrongs suffered by the relatives of the rehabilitated comrades.

5. The major event of our foreign policy during the past few months was the normalization of relations between Hungary and Yugoslavia. The sincere attempt of both parties to reach an agreement made it possible to solve the disputed economic questions. Hungary fortified her fraternal ties with the other socialist countries. The socialist countries coordinated, in many areas, their long-term plans for economic development, at the session of the Council of Mutual Economic Aid which met recently in Berlin. We expanded trade contacts with some of the capitalist countries. The action of the government eliminating the technical barrier on the frontier, met with a favourable response on the part of progressive public opinion everywhere.

6. The working class and the masses of labouring people have, during the past few months, become more active in public affairs. Hundreds of thousands of people participated in the discussion of the plan. The working people have displayed greater interest in the affairs of the enterprises, in public activity, and international events. On the political scene, as well, things have become much livelier during recent months. The Party has conducted, since 1953, a struggle against the cult of the individual, for the establishment of collective leadership, and the restoration of the Leninist standards of Party life. Development has been speeded up in this sphere as well. The struggle to eliminate the harmful consequences of the cult of the individual from every area of Party and state life has intensified in our country also. This factor has promoted Party democracy and outspoken Communist criticism, and has encouraged constructive discussions.

Since the 20th Party Congress a spirit of sound and expanding democracy has, to a growing extent, permeated the Party, the state, economic and public agencies, the entire public life.

* His Party membership meanwhile has been restored.
(The Editor.)

II. The Tasks Ahead

The Central Committee states that, relying upon the achievements of the last few years and of recent months, and eliminating the shortcomings, further measures shall be taken in the forthcoming months for the extension of socialist democracy, and at the same time for the consolidation of Party and civic discipline on the basis of the principles of democratic centralism.

1. In Industry and Agriculture

The solution of economic tasks must continue to be placed in the foreground of socialist construction. The major attention, therefore, must be directed towards the tasks of the Second Five-Year Plan. During the period of the Second Five-Year Plan — 1956 to 1960 — we must go ahead with socialist industrialization, based on appreciable technical development, at a pace which will raise the output of socialist industry 47 to 50 per cent, by 1960, as compared with 1955. Our approach, in determining the main ratios of industrial development, must be based on the fact that heavy industry is the foundation for economic development as a whole and for technical progress. Accordingly, we must raise the output of means of production by 58 to 60 per cent, and of consumer goods by 38 to 40 per cent.

The rise in the output of socialist industry during the Second Five-Year Plan will make it possible for industry — the leading branch of the economy — to meet better both domestic requirements and the demands of foreign trade.

The industrial equipment on hand must, in the interest of higher industrial output, be utilized much better; obsolete machinery must be gradually replaced with new machines; a smooth supply of material must be ensured; production must proceed at an even pace; and, as a result, there must be a steady increase in labour productivity. We must rely, in achieving this, on technical development, and on close cooperation with the Socialist countries.

A general upswing in agricultural production must be attained by developing large-scale socialist farming, and increasing the output of the individual farmers. Agriculture is scheduled to produce, between 1955 and 1960, 27 per cent more than it did during the First Five-Year Plan. We must see to it that the advantages of the cooperative farms should become obvious and convincing by way of the rising economic and cultural standards of the members, with the result that the majority of the peasantry will be induced to take the path of large-scale socialist farming. The Central Committee firmly advocates the consolidation and strengthening of the cooperative farms, and the policy of the socialist

reorganization of agriculture. The CC emphasizes this fact especially because views opposed to the cooperative farms have recently appeared again. The Party, relying on the support of the councils and other mass organizations, should carry on consistent and steady educational work among the working peasantry in the interest of the development of the cooperative farms. While placing due emphasis on the advantages of the cooperative farms, more assistance must be given in establishing the lower types of cooperative groups, and in promoting their gradual progress on the path of collective farming.

Effective support must be given to the farmers' cooperative movement, including the primary producers' associations and specialized groups, formed for the use of machinery, raising fruits and vegetables, bees and calves, etc. The state and Party organs shall extend more assistance in establishing these groups, and developing the existing associations. These associations should become schools of co-operation and collective labour for the individual farmers, acquainting them with the advantages of cooperation, and thus bringing them closer to the cooperative farms, which our Party continues to regard as the most important factor in the socialist reorganization of agriculture.

The principle of voluntary membership must be guaranteed with the greatest consistency in the course of developing the cooperative farm movement.

Those cooperative farms which have been in existence for a number of years, must, during the Second Five-Year Plan, become exemplary, large-scale socialist farms, and their level of yields must outstrip that of the individual farms to an ever greater extent each year. The new cooperative farms must be proffered every assistance to help them to overcome the initial difficulties, to lay the basis for farming, so that they will outstrip the average yields of the individual farms as soon as possible.

The development of cooperative farm production calls for the implementation of cooperative democracy in all spheres of the cooperative farms; the masters of the cooperative — the members — shall decide the affairs of the cooperative, and shall draw up their own rules, bearing in mind the model rules.

In order to assure the increase in agricultural production called for by the Plan, it is essential for the individual farmers to increase their production. They must, therefore, be provided with the material prerequisites which will enable them to utilize the productive potentials which they possess.

2. Raising the Working People's Living Standard

The average real wages per wage earner of factory and office workers must be increased by a minimum of 25 per cent during the Second Five-Year Plan. The income of the peasantry, both in cash and produce, must also be increased by about 25 per cent during the same period.

The fulfilment of the output plans is the firm foundation for improving the well-being of the working people in 1956 as well.

a) To improve the well-being of the factory and office workers, this year, the Central Committee proposes:

that, on the basis of the economic achievements, the Government should cease the floating of Peace Loans. This will mean an increase primarily in the financial means at the disposal of the factory and office workers ;

that the Government should draft, if possible this year, a solution commensurate with the country's economic resources, for some of the most urgent problems connected with pensions;

that the Government should intensify its efforts aimed at further improving the supply of foodstuffs to the population, giving special attention to maintaining the level of meat supplies.

b) In order to give the working peasantry a greater feeling of security in production, we must continue to reduce the bureaucratic traits of measures regulating the production relations between the working peasantry and the state. Pensions for disabled and aged cooperative farm members must be covered by institutional means, from the financial means of the cooperative farms. Attention must be paid to improving the supply of consumer goods for the rural population, and, in particular, to the increased sale of articles necessary for production.

c) The measures planned for the improvement of the conditions of the factory and office workers will help to better the position of the intellectuals as well. Over and above that, and parallel with the extension of democracy in public affairs, the intellectuals must be given greater opportunity to pursue their creative activity. The basis of appreciation shown the intellectuals who are engaged in work should be the work done by them, and their present conduct. The Party, state, economic and other organs should involve the intellectuals in public activity to a greater extent than hitherto.

3. Improving Economic Management

The better organization of production and the maximum satisfaction of the material requirements of the working people call for the gradual elimination of the over-centralization of the economy. The activity directed towards

the development of democracy in the economy, must not, of course, be permitted to endanger the system and continuity of production.

a) We must not lose sight of the fact that labour power will be released by the simplification of economic management, and that these people must be placed on other jobs. In the opinion of the Central Committee a considerable part of the labour power released should be placed on jobs in production ; but this must be done in an organized manner. No big regrouping in labour power is anticipated during this year.

b) We must apply the principle, in gradually decentralizing the economy, of giving greater independence to the executives, from the ministers down through the factory managers, shop managers and engineers.

c) Without violating the Leninist principle of one-man management, the workers, the working people must be accorded a greater role in all economic activity of the factory, enterprise or institution. A way must be found to draw ever more people into the discussion of questions of planning, organization and management in order to provide the widest possible outlet for the creative initiative of the working people.

d) Our wage and premium system must be gradually improved so as to give the working people a greater incentive in producing economically, manufacturing products of better quality, and saving on material.

e) The Central Committee deems it necessary, in addition to the important measures now in process which will essentially improve matters this year and particularly next year, to begin work aimed at the thorough re-examination of the methods of economic management, and the circumspect elaboration of measures raising the level of leadership as a whole.

The Central Committee states, at the same time, that the central guidance of production, and the centralized method of planning continue unchanged as important principles of economic management because together with the development of the creative energies of the masses of working people, they constitute one of the chief advantages of the socialist system over the capitalist system.

4. Continuing the Democratization of State Life

The strengthening and improving of the people's democratic state is one of the most important requisites of building socialism. For this reason our Party must extend every assistance in further developing the system of our people's democratic state, and improving the work of the state bodies.

The Central Committee states that the organization of our state is characterized by a deep-

rooted democracy. Our state is a state of the workers and peasants, in which the progressive intellectuals are playing an ever greater role as well. In our country power belongs to the working class which is allied with the working peasantry; the working peasantry, led by the working class, also participates in the exercise of power; This is the decisive feature which distinguishes our state from the states of the bourgeois type, making it a thousand times more democratic. We have the cardinal task of further developing the democratic content of our state, of giving a greater role and scope to the elected bodies of the state, and of drawing ever wider masses of the working people into state administration.

a) The powers of the National Assembly must be implemented in all major questions of home and foreign policy, and of economic and cultural life. The National Assembly shall incorporate into law the principal measures regarding the rights and duties of citizens on the basis of comprehensive and fruitful debate.

The members of our National Assembly shall, in accordance with the Constitution, establish permanent contact with their constituents, report back regularly on their activities, and make good use of their constituents' experience, critical comments and proposals in their work as MPs. The apparatus of the Ministries and of the Councils should assist the members of the National Assembly in their work. We must enforce the clause of the Constitution which stipulates that the electors may at any time recall representatives who have forfeited their confidence. To this end the electoral law must be revised, and the present list system, which is devoid of direct contact with the electors, must be replaced with a system of voting for individual candidates.

b) The Councils constitute the foundation of the democratic organization of our state. In the opinion of our Party, additional steps must be taken to invest the Councils with the required power to cope with the tasks incumbent upon them, to provide them a staff equipped with political and professional training, as well as with the necessary financial means. We must see to it that the Councils shall fully perform their official and administrative duties, become the real leaders of local economic, social and cultural activity, and shall ensure the active participation and initiative of and control by the citizenry in the exercise of executive power and in state administration. The activity of the Council members on behalf of the electors will thus bring greater results. The official powers and administrative jurisdiction of the executive committees and special administrative bodies of the Councils must be enlarged as well. We must define the economic and administrative questions in which decision shall rest solely with the full meeting of the Council.

The Ministries and other national bodies shall provide only professional guidance and supervision in connection with the Council bodies, and shall coordinate the regional tasks. In connection with this reorganization of the Councils' activity, particular attention must be paid to strengthening the rural district Councils, doing this in such a way, however, that the population of the villages should be able to settle most of their affairs at the local councils.

The state apparatus must be simplified and become more clear-cut as a result of the work going on to eliminate the bureaucratic features of the state and to decentralize it, with the wide-scale participation of the working people. The amalgamation of the counties, rural districts and town districts, which must go hand in hand with greater economic independence and powers given the Councils, also serves this aim.

The Central Committee calls on the Council of Ministers to submit this question to the National Assembly for approval this autumn. The demarcation of the new counties, rural, and town districts must be completed by January 1st, 1957.

The Central Committee deems it necessary to review the rigid rules concerning residential permits for settlement in the larger towns.

c) The work intended to develop democracy in state life must be linked up with educational work on the broadest scale, aiming at the strict upholding of civic obligations and the consolidation of civic discipline. The strengthening of civic discipline must be kept in view in all phases of the work designed to broaden democracy and to bring about decentralization, and in our future work as well.

5. Continued Consolidation of Socialist Law

In order to continue the consolidation of socialist law important measures are required for revising statutes, for improving the work of the organs of the criminal courts, judiciary and the Ministry of the Interior, and establishing effective control of these bodies.

a) A basic requirement for the observance of socialist law is that there shall be, in every area of our state and public life, laws and statutes comprehensible to every citizen and conforming with the economic and social conditions, and that these laws should be observed.

A system of laws and statutes, encompassing the entire activity of the People's Democracy, of socialism, must be established. Experts, with the knowledge of theory and practice, as well as the general public must be involved in this work. We must speed up the elaboration of a penal and civic code, and the powers and activity of the administrative authorities must

be defined in a law which shall be comprehensible and clear.

b) To safeguard the interests of the working people, our judicial organs must continue to act resolutely and firmly with respect to more serious crimes, which constitute an offense against state security and law and order. Measures of an educational nature should be adopted to an ever greater extent in cases of misled working people who commit minor offences. The judiciary organs shall apply consistently, in their entire activity, in all stages of their proceedings, the socialist principles of criminal procedure as laid down in the law :

we must guarantee the unconditional application of the principle that no one may be found guilty solely on the basis of a confession without supporting evidence;

a person may be detained in custody, or subjected to preliminary arrest, during the progress of investigations only in justified cases ;

the Prosecutor's Office must institute a more effective supervision of the observance of the law with respect to the entire activity of the state security organs concerning criminal procedure ;

the Prosecutor's Office must exercise stricter supervision of the Courts, and the constitutional guidance of the Supreme Court, relating to matters of principle, must be enforced in the judiciary, while diminishing accordingly, the parallel activity of the Ministry of Justice ;

the independence of the judiciary must be consolidated. The election of the judges and lay assessors must be held after working out the regional divisions, and assuring the necessary organizational and other conditions ;

in the interest of socialist observance of the law and the uniformity of court procedure, the broad sphere of authority of the courts martial and the Judge Advocate General's Office must be reviewed and their powers reduced. The jurisdiction of the civil courts must be extended to a greater degree to other important areas of the state administration, for instance, to disputed issues of labour problems, of property rights, pensions, etc., pertaining to the cooperative farms ;

c) The Ministry of the Interior has attained signal success in the struggle against the real enemy, the persons organizing to overthrow our people's democratic system, economic wreckers, spies and saboteurs. Additional measures are required, however, in the sphere of Party and state control of the organs of the Ministry of the Interior in order to eliminate the incorrect views and methods of investigation which developed in the wake of earlier violations of the law, and to implement fully the spirit of socialist observance of the law. A new recommendation in this respect must be submitted for approval to the competent Party and state organs.

In solving this task, it must be kept in mind that the activity of the organs of the Ministry of the Interior must serve the security of the Hungarian People's Republic and her citizens. All citizens must be firmly convinced that our Party, our state, and our society as a whole, will protect them from violations of the law.

d) The Central Committee calls upon the Party, State, judicial and public organs to pay greater attention to protecting the rights of the working people. It is an important responsibility of the Party organs to investigate properly, and to remedy as far as possible, the grievances arising from earlier distrustful, and often callous, bureaucratic measures, which placed honest working people in an unfair and disadvantageous position.

e) The Central Committee attributes great importance to the full guarantee of socialist observance of law, and the efficacious improvement of the activity of the state security organs and of the judiciary. It views with confidence the honest efforts of the comrades working in these organs, and will help them in their important work in the future as well.

6. Improving Ideological Work

The struggle against the remnants of the cult of the individual must be intensified in scientific, cultural, agitational and propaganda work ; dogmatism must be overcome, and the workers of science, culture and agitation must be trained in independent Marxist thinking. A struggle must be waged, at the same time, against bourgeois ideology and for the socialist education of the masses of working people.

a) The development of lively debate is necessary for the progress of science, including the social sciences. There is place in the discussions only for patient, convincing arguments, and the battle of ideas. Attacks against Marxism-Leninism or the People's Democracy must have no place in these discussions.

The further democratization of the associations and societies of the scientific workers should be promoted. These social organizations should become schools of socialist education, and forums for scientific discussion. Closer cooperation must be developed between our leading economic bodies, the Hungarian Academy of Sciences and the scientific associations, drawing them into the drafting of the plans of economic development.

The scientists and students must be given the opportunity, commensurate with our financial resources, to become better acquainted with the scientific results and periodicals of foreign countries. More should be done to popularize and publish the achievements of Hungarian science abroad.

b) Efforts should be made in the cultural

field to see that books, the theatre, films, music and fine arts shall exercise an even greater influence in socialist education. A struggle must therefore be waged for implementing the principles of socialist realism, while granting, however, wider scope to progressive trends towards socialist realism reserving, of course, the right to criticise their shortcomings from a Marxist point of view. Scope must be given for the development of the diverse schools, within the main stream of socialist realism, as well as to the trends tending in this direction, enriching thereby the forms of artistic expression.

The art and cultural associations must assume a greater role in the education of their members and in solving their problems, guaranteeing the development of democracy in these places. The Communist members of these associations bear a great responsibility; Party discipline must be consolidated among them, primarily by means of ideological conviction.

Parallel with the increased development of democracy in scientific, cultural and artistic affairs, the Party, with the assistance of the Party members working in these areas and of the competent Party and state organs, must give greater theoretical guidance.

c) It is necessary to improve agitational and propaganda work to a considerable extent, especially propaganda concerning economic questions.

The Press, the Radio, and our agitational and propaganda activity have been successful in encouraging the creative initiative of the masses, in criticizing the harmful consequences of the cult of the individual, and in giving expression to the justified criticism of the masses. The Press and the Radio, however, did not do enough to combat the hostile views appearing recently, which were frequently aimed against the Party and the People's Democracy, or to counter the demagoguery aimed at misleading the masses; as a matter of fact, they themselves spread these views in certain instances.

Agitational and propaganda activity, and particularly the work of the Press and the Radio must be improved, quickly and without fail, on the basis of the policy serving the People's Democracy. The working people must be given regular and detailed information on all aspects of the economy, by the expansion of the statistical services, rallying them to solve the tasks of socialist construction.

7. The Mass Organizations and the Patriotic People's Front

The expansion of democracy in public life will lend greater importance to the mass organizations, and increase the Party's tasks in connection with the mass organizations. Our Party organizations should pay much greater

attention to the mass organizations and movements of the working people: the Patriotic People's Front, the trade unions, the Union of Working Youth, the Hungarian-Soviet Friendship Society, the farmers' cooperatives, the sports organizations, etc. Work of the HWPP groups active in these organizations must be improved everywhere. They must encourage, through giving assistance and by their exemplary conduct, the administrative staffs of the mass organizations to act independently and to be militant, to perform their specific tasks in their own fields, and to work out the correct organizational forms and the nature and methods of work among the masses.

The Party should devote particular attention to the growing People's Front movement: to the trade unions, the biggest and most important organizations of the working class; and to the Union of Working Youth.

a) The Patriotic People's Front, embracing the vast majority of the population, is the form of expression of the alliance of the working class, and all sections of the working people. The objective of the People's Front is the unity of the workers, peasants, intellectuals, the common working men and women, of all patriotic, progressive forces of our country. The task of the People's Front must be to work primarily for the consolidation of popular, national unity. The main sphere of its activity, therefore, is to align every peaceable, patriotic working man and woman on the front of peace. The Patriotic People's Front should explain and popularize the measures instituted by the Party and the Government, in the interest of socialist progress, aiming at prosperity of the national economy, and the improvement of the material, cultural and social standards of the population, and should impart to the working people a sense of duty, in the spirit of our patriotic traditions.

The Patriotic People's Front should give greater assistance to the Councils in the performance of their duties, and the Councils should rely in their work to a greater extent on the People's Front movement.

Still more has to be done to ensure the active participation in the People's Front movement of all working men and women, housewives, students, etc., who are patriotic, peace-loving democrats. Large numbers of democratic-minded, non-Party people, who are devoted to the people — workers, working peasants, intellectuals and others — should, irrespective of nationality, ideological views, or religious convictions, be elected to the executives of the People's Front Committees.

The Communists should develop friendly cooperation with the non-Party people active in the People's Front Committees and in the People's Front movement, and should employ

patient work of explanation and conviction there. The Party members and organizations should encourage and espouse the development of constructive criticism in the committees and meetings of the Patriotic People's Front, the drafting and efficient implementation of proposals intended to liven up the village and public life, and the strengthening of a progressive, constructive and democratic public spirit. The members and organizations of the Party should set an example in the committees and movement of the Patriotic People's Front, thus helping to make the Patriotic People's Front into a really great, all-embracing and progressive movement of the working class, the working peasantry, the intellectuals and the middle strata.

b) The trade unions, during the past few months, have taken a greater part in the work aimed at increasing output and productivity; they have been more active in mobilizing people for plan fulfilment, for strengthening order and discipline in the factories, and for the fruitful discussion of the draft directives of the Second Five-Year Plan. The trade unions should continue to centre their work around production because higher output is the chief requisite of the policy directed towards the uplifting of the working people.

The trade unions shall pay particular attention to raising the technical level in industry, and to the technical training of the working people.

The trade unions should be firmer and more militant in protecting the interests of the workers. They shall see that the collective agreements are enforced, be bolder in taking the initiative, and shall concentrate their work on concern for the welfare of the working people.

Our Party and government offer the trade unions, as the voluntary, non-Party, democratic mass organizations of the factory and office workers, the opportunity to live up fully to the confidence of the working people. The Central Committee expects responsible Party and state functionaries to put an end to the underestimation of trade union work, which is often still observable. It is the responsibility of the Party organizations in the factories to encourage and support the activity of the factory trade union committees in all possible ways.

The development of democracy in the factories and other places of employment involves the more active participation of the trade union bodies in the discussion of questions of planning and economic management, and entrusting them with handling the social welfare affairs of the employees to a much greater extent than heretofore. Trade union leaders and active trade unionists must deal conscientiously with the problems and complaints of the working people, and must promote the rapid and fair settlement of conflicts between the working people and the technical and economic executives.

The ending of over-centralization and the development of democracy are key problems for the trade union movement as well. The solution of these problems would lead to the gradual cutting down of the full-time staff, the development of volunteer activity to a great extent, and to a successful struggle against rigid, bureaucratic methods.

c) During the past few months the Union of Working Youth has grown stronger, and its educational work has also shown some improvement. The UWY and the masses of youth have taken the proper initiative in production as well.

The hundreds of thousands of young people must be given the opportunity and facilities within the UWY for training, recreation and sports. The UWY must overcome its bureaucratic methods of work, and the leaders of the Union must establish close contact with the masses of young people, living in their midst and becoming their real leaders. This is the way in which the Union of Working Youth can make the greatest contribution to the development of our socialist democracy.

8. Questions of Hungarian Foreign Policy

The Central Committee regards the efforts made for the preservation of peace and the continued easing of international tension as a cardinal part of the Party's policy.

On issues of foreign policy Hungary — in fraternal alliance with the Soviet Union — holds the same views as the Soviet Government. She supports the five fundamental principles of peaceful coexistence. Hungary ascribes particular importance to the proposals for disarmament, and for the banning and scrapping of atomic weapons. The Central Committee proposes that the Government, as an expression of its desire to relax international tension and promote disarmament, should reduce the Army by an additional 15,000 men, and divert the funds released thereby to the peaceful service of socialist construction. The Party and the Government support the efforts designed towards the conclusion of an agreement for the collective security of Europe. They regard the Warsaw Treaty as a pillar of our national security, until such time as the establishment of a system of collective security in Europe. They support the effort to find a democratic solution for the German question.

The objective of our foreign policy continues to be the deepening and broadening of our fraternal cooperation with the liberating Soviet Union, with China and the other socialist countries. The fact that we belong to the mighty world system of Socialism, embracing more than one-third of humanity, is an inexhaustible source of strength for us.

We wish to deepen and consolidate our ties of

friendship with Yugoslavia, who is building socialism, and to develop the possibilities for the fruitful exchange of experiences. The Central Committee deems it desirable to open talks between the Hungarian Working People's Party and the Yugoslav League of Communists, with the aim of developing closer ties of friendship. The establishment of friendly and comradely relations between the two Parties will serve the

interest of our peoples and Parties, as well as of the world-wide struggle for peace, democracy and socialism.

In addition to fostering close friendship and cooperation among the socialist countries, it is our desire to build economic and scientific contact, art and sport exchange, and relations in other spheres with countries outside the world-system of socialism as well.

III. For a Firm, Consistent Leninist Policy

In our country, which is building socialism, favourable conditions have been established for developing the democratic character of the People's Democracy, and for expanding socialist democracy. The circumstances that limited socialist democracy are being removed.

At the outset our state assumed a strongly centralized form, and democracy was restricted. The theory and practice of the cult of the individual — which is alien to Marxism — contributed to the restriction of democracy.

At present our Party is carrying on a struggle against both the erroneous theory and practice of the cult of the individual.

Under the conditions of socialist construction, it is especially the correct interpretation of the class struggle which can help our Party in properly developing the democratic forms.

The exposure and rectification of the errors committed against some of the former Social-Democrats will promote the ideological and political unity of the working class, and the ultimate coalescence of the former Social-Democrats and the Communists. This does not mean that the Party will renounce criticism of Social Democracy; but it does mean that it recognizes past merits, while directing its attention, however, in this respect as well, primarily to the tasks of the present and the future.

The role of the working class will grow with the process of democratization due to the more active and creative participation of the masses of workers in the direction of state, economic and social life. Thus the leading role of the working class in the country's life will be expressed in ever newer ways.

The correct interpretation of the class struggle and consideration of the new phenomena will help to strengthen the alliance of the working class and the peasantry. A particularly strong factor in strengthening the alliance of the working class and peasantry is the fact that, in addition to the poor peasants, all the peasants who have taken the path of cooperative farming — including those among the middle peasants — are becoming ever firmer supporters of the working class. The durable alliance which has developed with the middle peasantry will be reinforced by the just settlement of

the case of middle peasants who, in the past, had been unfairly qualified as kulaks. The People's Front movement is building confidence in the working class among the working peasantry, as are the numerous measures aimed at increasing the sense of security of the working peasantry in production. In the future our Party will be guided to an even greater extent by the idea of the durable alliance of the workers and the working peasants, for this alliance is the firmest foundation of the socialist state.

The just measures taken by our Party have had a deep-going influence on the intellectuals as well, including the old generation of experts. They see that these measures judge the intellectuals primarily on the basis of their work, that they give their children greater opportunity for further education, and improve their living conditions.

The hostile exploiting classes have ceased to exist in the town, while in the countryside the kulaks have grown much weaker, both numerically and economically. They still possess strength and influence however. Although many among the former exploiters display a loyal attitude towards our People's Democracy and take part in productive work, the hostile agitation by part of the kulaks in the countryside, directed particularly against the cooperative farms, is not to be underestimated. Among the remnants of the urban bourgeoisie, too, there are some who actively participate in spreading the propaganda of the imperialist reactionaries; hence vigilance will continue to be required.

The Central Committee states that in our country socialism is being built under the conditions of the class struggle, and that in our epoch the class struggle has sharpened to some extent in certain spheres of life. With the building of socialism, however, the material and political basis of the class enemy is constantly shrinking, and its strength diminishing. Taking this fact into account, the Party and the Government are endeavouring to ensure the building of socialism without the sharpening of the class struggle. The activity of the reactionary forces of imperialism on an international scale, however, has a great influence on the development of the class struggle. Since the 20th Congress of the CPSU the reactionary forces of

imperialism have intensified their anti-Soviet and anti-People's Democracy activities, and this has had an effect on their basis in Hungary, primarily on their espionage organization (40 imperialist agents were arrested in Hungary during the first part of this year), and on the mood among the remnants of the class enemy as well. The imperialist reactionaries and their Hungarian hirelings represent the greatest present-day menace to our people's democratic order.

Under these circumstances, the ideological firmness of our Party, and the indissoluble unity of the labouring classes under the leadership of the Party and the working class, are more important than ever. This is why serious attention must be paid to the fact that, of late, signs of wavering and lack of confidence in the Party have appeared in a section of the Party, among certain groups of intellectuals and, here and there, among the workers and the working peasants as well.

One reason for this is undoubtedly the mistakes committed by the Party and its leadership; another reason is to be found in the growing pressure exercised by the class enemy.

Our Party did a great deal to correct the mistakes made prior to 1953. Later, however, and particularly in 1955, we repeated some of the same errors we had committed prior to June 1953. The Central Committee was quite right in sharply condemning, at its March 1955 session, the Right opportunist views; but after the resolution, attempts were made at reviving certain abuses arising from the cult of the individual, and at weakening collective leadership. Sometimes it happened that certain people tried to rebuff even legitimate criticism by branding it Right opportunism. These practices created fertile soil for the resurrection of various sectarian errors. In addition, many comrades who had been arrested, convicted and defamed during the years from 1949 to 1952 were in the meantime found innocent but their rehabilitation was tardy and deficient. All this led to a certain scepticism and distrust towards the Party and its leadership, and to the weakening of the ties between the Party and the masses to some extent.

The same effect was produced by the fact that the legitimate expectations of the Party members and Party sympathizers were not entirely appeased following the 20th Congress of the Communist Party of the Soviet Union. The Central Committee, at its March 1956 session, instructed the Party leadership to elaborate the application to conditions in Hungary of the lessons of the resolutions. The Political Bureau tackled this task, and on the whole, its resolutions and political line were correct. But when it came to implementing these correct resolutions, indecision and delay set in. The Political Bureau is responsible for this turn of events because it failed to lead with sufficient energy the struggle

to eliminate the past errors, to implement the spirit of the 20th Congress under Hungarian conditions, and to speed up the democratization of our state, social, economic and Party life. The leading Party bodies committed a mistake in failing to organize discussion within the Party on the country's major problems. The wavering of *Szabad Nép* likewise caused confusion in the ranks of the Party cadres and the working people.

Both sectarianism and Right opportunism have deep roots in our Party. The sharpest and most consistent ideological and political struggle must be waged against both, in order to implement the Party's general line.

Sectarianism was, and still is manifest in the fact that often organizational measures and means are used instead of political explanation. Organizational means are required sometimes but they cannot be permitted to replace ideological and political explanation and struggle. Sectarianism was also manifested in the dogmatic assertion of certain precepts believed to be irrefutable; in the fact that many times there were no serious, deep-going discussions on scientific and political questions; in the one-sided cadre policy which was often biased and intolerant; and in the one-sided interpretation of the class struggle, which was based on the analysis of concrete conditions. It has been noticed recently in the development of the co-operative farms, that in some places the principle of voluntariness, despite the instructions given by the Party resolutions, is being violated. Sectarianism was manifested as well in bureaucratic methods of leadership, and in certain bureaucratic features of our State apparatus, in part of the various other organs, and even in the Party organizations. Sectarianism appeared in the often incorrect relations with the former Social-Democratic comrades, and in frequently slighting them. It appears in the sectarian attitude displayed towards the allied working classes and the intellectuals as well as toward their representatives.

Boldly exposing the sectarian errors, the Party is mobilizing for struggle against them, because these errors weaken the bonds of the Party leadership with the Party members, and the ties between the Party and the working people in particular. Combatting these mistakes, we must fight for the extension of socialist democracy.

There are not only errors of sectarianism in our Party but serious symptoms of the Right deviation as well. Imre Nagy is the chief representative of the Right deviation, and he has rallied around him certain anti-Party elements or misled people. The Central Committee wishes to make it clear that its March 1955 analysis of the Right deviation was correct; but it states at the same time that the Party has

omitted to carry on an ideological struggle against the revival of the Right deviation and its manifestations. This state of affairs must be changed without delay.

There has been a revival of bourgeois propaganda and agitation. What is more, certain meetings of the Petöfi Club provided an open forum for anti-Party views. The recent resolution of the Central Committee correctly stigmatized the views expressed by certain speakers at the Petöfi Club as being anti-Party and anti-People's Democracy. Some people, criticizing our Party's mistakes from the ground of bourgeois ideology deny all the achievements of the Party, the Party's leading role, the leading role of the working class, the democratic character of the state of the workers and peasants conceived in revolution, and demand "full" freedom of the press (that is to say, freedom to propagate bourgeois views). Today it is impossible in our country to come out openly before the working people with anti-socialist views. Consequently the advocates of both petty-bourgeois opportunism and bourgeois views misleadingly quote the 20th Party Congress, the "interests of socialism", and the "process of democratization", camouflaging themselves as "champions of Lenin's ideals" and as "persons applying the 20th Party Congress resolutions to Hungarian conditions". Those people attacking the Party are, in general, united in their attempt to discredit the Party's leadership and to smash the unity of the Party. This makes their actions dangerous.

The Central Committee, therefore, calls upon all Party members and all supporters of the People's Democracy to be vigilant. The Central Committee deems it necessary to conduct wide explanatory work in the Press, over the Radio, in agitational work, and at meetings, against all hostile views, explaining the principles of socialist democracy and exposing the bourgeois and petty bourgeois pseudo-democratic demands which are anti-working class and anti-socialist. The Party must rely in this struggle on the working class, the working peasantry, on the staunch sections of the intellectuals, whose confidence has not been shaken by the mistakes committed in the past, grave and tragic as they were, because they know from their own experience that it was the struggle of the masses of the working people, led by the Party, which ousted the industrialists, smashed the rule of the big landowners, cleared away the war ruins, reconstructed the country, and is building socialism in Hungary. They see that their lot is changing for the better, and know that this is due to the gains of the revolution. The mighty cultural revolution has put into the hands of the people newspapers, books and the Radio which propagate the ideals of socia-

lism. All this was accomplished thanks to the struggle of the working people led by the Party; therefore the bulk of the working people while criticizing the Party and its leadership, have never lost their confidence in the Party even in the past few months. Relying on the working classes, those people who waver, must be won over through ideological struggle and by getting rid of our mistakes. To this end we must first of all improve our ideological work, and intensify all forms of ideological and political work of education. The Party must, therefore, devote great attention to the theoretical classification and elaboration of the basic law of socialist construction, applicable on an international scale, as well as the specific Hungarian features. In ideological questions the methods of patient explanation and persuasion must be coupled with an uncompromizing firmness of principles and unflinching loyalty to the teachings of Marxism-Leninism. In order to carry on its ideological and political struggle successfully, the Party must be more enterprising in raising ideological questions, in overcoming dogmatism, in developing independent Marxist thinking; because bourgeois ideology can be combatted only by a live Marxism, for truth is on the side of living Marxism.

All this goes to show that we must beware of empty formulas and of discussing whether the "Right" or the "Left" danger is the greater, which of the two is the main danger. Under the present circumstances, both constitute a grave danger for us, and often they are so closely interwoven that it is hard to classify them as "Right" or "Left" deviations. The sectarian and the "Right" phenomena must be, at all times, subjected to analysis in accordance with the concrete circumstances, and on the basis of that analysis, all anti-Party, anti-Marxist, anti-Leninist views must be combatted, as well as, of course, all attacks aimed against our Party and state. The Party must rebuff all such attacks in unity, with one will.

The Party loyally adheres to the socialist principles of proletarian internationalism and true patriotism. The Party, while serving the people and nation under the specific Hungarian conditions of building socialism, does not for a moment forget about strengthening unceasingly the unity of the socialist camp, the bonds with the Soviet Union and the other countries of the socialist camp, as well as with the socialist and working-class movement of the world.

The Party is therefore intensifying its struggle against all manifestations of nationalism, chauvinism and anti-semitism. The Party is strengthening its ties with the Communist Party of the Soviet Union, since the CPSU and the HWPP hold the same views concerning all ideological problems, the appraisal of the

international situation, and the perspectives of socialism.

Our Party does not shrink from the difficulties; it marches boldly forward along the path of democratization and the activization

of the working class and the masses of the people, utilizing as the chief lever for the elaboration of its correct policy the fruitful discussion of the tasks facing the Party and the people.

IV. Consolidating Party Unity and Discipline

The Hungarian Working People's Party became a great and strong party, the leading detachment of the working class and recognized leader of the people, because the masses of working people were convinced through their thousand and one everyday experiences that the Party is the loyal champion of and the most consistent fighter for their interests; and that the Party can chart the correct course even in the most complex circumstances. The Party possesses the strength and courage to cope with the most difficult and delicate problems posed by history and the process of the development of society. The Party gets rid of everything that is obsolete, and breaks with everything that is harmful and obstructs the people's progress. It exposes and rectifies its own errors, thus mobilizing, in this manner as well, the masses of working people for new victories. All these attributes arise from the Party's fundamental character; for the Party is the loyal guardian and continuer of the just revolutionary struggles and traditions of the Hungarian working class. Today, even amidst a number of complex problems, it leads with a sure hand the great work of socialist construction in our country. Worthy of its militant past, the Party finds the appropriate solutions to all burning questions in the present-day situation as well.

The Party is sweeping aside, within its ranks and in the country as a whole, all obstacles in the path of democratic development, and is rooting out all harmful remnants of bureaucracy connected with the consequences of the cult of the individual.

The courage, strength and firmness of our Party offers fresh and convincing proof to the working class and the working people that the Party is right.

The Central Committee points out that :

a) The Party's chief task is to consolidate the ideological, political and organizational unity of its ranks, to strengthen Party unity, the main guarantee of the Party's successes.

In order to strengthen Party unity, a struggle must be waged to eliminate all remnants of the cult of the individual from Party life as well as from political, social and economic life. The Leninist standards of Party life must be restored in all respects. Collective leadership — the chief principle of Party leader-

ship — must be implemented in the Party at all levels. The Central Committee calls upon the Party membership to guarantee in the entire Party the collective leadership of the Party organizations, which is the main pillar of a Marxist-Leninist Party.

Decisions must be arrived at, in the bodies of collective leadership and in the Party as a whole, only after intensive discussion and deliberations conducted in the spirit of bold criticism and self-criticism. In this way too, we will guarantee the development of the Party's correct policy.

Party democracy must be enforced in all organizations and bodies of the Party. Every Party member must feel that he has both the right and the duty to participate in the discussions going on within the Party organization, and to take an outspoken stand in support of his convictions.

But Party life cannot be characterized solely by debates. The Party is characterized by unity of action. Therefore, once the discussion has been closed in the Party, the decisions must be carried out consistently.

c) Party discipline must be consolidated on the basis of democratic principles. The Party is a voluntary, militant association, the members of which are fused by discipline voluntarily assumed. We must enforce, wherever it has been violated, the principle that decisions of the higher Party organs are binding on the lower Party bodies and that the minority must, after the resolution has been passed, submit to the decision of the majority and carry out the resolution even if they disagree. We cannot tolerate lack of discipline and violation of the Party's line in the Party, because this weakens Party unity and curtails its striking power, its unity of action. Party discipline, which is founded on democratic principles, must be enforced primarily through persuasion. If necessary, however, those who violate the principles of democratic centralism must be called to account by disciplinary action, in accordance with the Party Rules.

d) The Party's strength lies to no small measure in the firmness, experience and militancy of its cadres. We must ensure step by step that the mistakes committed in the Party's cadre policy, particularly with regard to the old time cadres, will be corrected. It is our primary task today to weld together the old and new cadres, the old-timers, seasoned

in battle, and the new cadres so that they will fight together to implement the policy of the Central Committee and the Party.

The Central Committee insists that all Communists working in leading posts in the economy, State, cultural or mass organizations, or in other spheres of the country's life, shall take an honest and disciplined stand for the implementation of the Party's policy.

e) Party work, especially the activity of the Party cadres, must be directed primarily towards solving the economic tasks, and improving the well-being of the working people. The Party cadres and actives should carry on their organizational and educational duties among the masses of working people, on the spot, breaking with the methods of issuing orders from behind the desk. Communists in leading posts, as well as all Party cadres must, in order to give better guidance in economic work, consider it their duty to become acquainted with the economic problems of their sphere of activity, to go deeply into the economic questions, and thus become experts in their field of work.

f) An intensive struggle must be conducted against bureaucracy in Party work. The Party should fight for building socialism primarily by giving guidance, with persuasion, political and organizational work, and not by way of administrative measures, replacing the State and economic bodies, or issuing direct instructions in production or in other fields. The Party must regard as its primary tasks the raising of the ideological level of the Communists; organizational and educational work among the masses; Party control of the economic and State bodies; and diversified initiative. Let the Party members set a good example in steadfastness, and in the performance of their duties, thereby convincing the working people by their personal example.

g) The Party's strength lies in the tenacity and militancy of its members. The Central Committee of the Party makes it the duty of all Party members to take a firm stand in

support of the Party's policy, to fight for its implementation, to carry out the resolutions in a disciplined manner, and firmly to oppose all hostile attacks. The Central Committee is convinced that the many hundreds of thousands of Party members, representing all labouring classes, and primarily the working class, will fully comprehend and whole-heartedly endorse the resolutions of the Central Committee, and will do their utmost to implement them with success.

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Our Party is firmly resolved to implement consistently the fundamental feature of the People's Democracy: that it is a dictatorship for the suppression of the exploiters, but is a thousand times more real democracy for the working class, and the masses of working people, than the most advanced bourgeois democracy. We must develop in the various areas of state, public and Party life, the democracy of the working people, socialist democracy, in order to make the broadest masses of the working people the conscious, active builders of socialism to an ever greater extent. At the same time, socialist democracy means that the working people recognize as binding upon them the discipline based on the Leninist principles of democracy.

The Central Committee is certain that its resolutions will spur on the Party members and the working people to greater creative activity; and that the implementation of the resolutions will contribute effectively to the fulfilment and overfulfilment of the national economic plan, to raising the living standards of the Hungarian working people.

The Central Committee of the Hungarian Working People's Party calls upon the working class, the working peasantry, the progressive intellectuals, the entire working people, to rally around the Party and Government, to fight with their militant, enthusiastic labour for new successes of socialism, and for the final victory of socialism in our country!

("Szabad Nép" July 23, 1956)

DIRECTIVES FOR THE SECOND FIVE-YEAR PLAN OF ECONOMIC DEVELOPMENT OF HUNGARY

Approved by the Central Committee of the Hungarian Working
People's Party at Its Session of July 18-21, 1956

The Hungarian economy has developed intensively as a result of the labour of our working people. Exploitation was ended in most areas of the production of material wealth during the First Five-Year Plan. The working class, the working peasantry and the intellectuals have taken an ever more active part in the solution of the national economic tasks. Socialist labour emulation has developed and made steady headway. These factors have considerably speeded up the development of the productive forces. As a result of socialist industrialization the output of industry was, on the eve of the Second Five-Year Plan, triple that of 1938. Heavy industry, in particular, has made rapid progress, and several new industries have been developed. The achievements of industrialization guarantee the major prerequisites for continued national economic development.

Certain faults of the national economy, however, have still not been eliminated; these deficiencies have been a brake on progress in recent years. In several branches of production the technical level is lagging behind requirements; this is the main reason why labour productivity has not increased as it should, and production costs are, as a rule, higher than in the countries with a high degree of economic development.

Agricultural production rose during the First Five-Year Plan, but its level did not rise essentially above that of pre-war and, consequently, could not keep pace with the requirements of the national economy.

The consumption of both the urban and rural population has risen to a pronounced extent. Nevertheless the rise in real wages per wage-earner was not satisfactory. The number of factory and office workers in the socialist sector of the national economy rose by nearly one million in five years. There has been a substantial improvement in public health services and the cultural standard of the population has risen substantially. The number of social insurance beneficiaries was, in 1954, one and a half times higher than in 1949, and social insurance expenditures were three times greater.

The level of social production and the greater development of the creative energies of the working people makes it possible to eliminate or diminish the disproportions still prevailing between the various branches of the economy. The possibilities for the planned and continued development of the national economy are

increased in large measure by the fact that Hungary belongs to the mighty world system of socialism, which is growing ever stronger.

Socialist industrialization must be continued on the basis of the considerable development of technique during the Second Five-Year Plan, from 1956 to 1960; socialist relations of production must become predominant in agriculture as well while, at the same time, production must be raised; thereby, the duality of the economic basis must be eliminated, the working people's living standard must be raised steadily, and the continued progress of the country assured.

The following principal tasks must be implemented during the Second Five-Year Plan:

1. Industrialisation must proceed at a tempo which will bring about, by 1960, a 47-50 per cent rise in the output of socialist industry as compared with 1955.

In determining the main ratios of industrial development, the starting point must be that heavy industry is the basis for the development of the entire national economy, and for the advance of technique. Consideration must be given to the fact that several raw materials important to production have to be imported, primarily in exchange for heavy industrial products — chiefly machines; and that the export ratio of light industrial products must be reduced for economic reasons. Accordingly, the industrial output of means of production (Group A) is scheduled to rise by 58-60 per cent, and that of consumer goods (Group B) by 38-40 per cent.

The manufacture of domestic raw and primary materials, which can be produced economically, must be expanded on a large scale so as to reduce, relatively, the import of material, and to better ensure the supply of material. During the Second Five-Year Plan, the output of raw and primary materials is scheduled to rise by 57-58 per cent, in addition to a 45-47 per cent rise increase in the output of the processing industry.

2. There must be a general upswing in agricultural production primarily by raising the level of large-scale socialist farming, the gradual numerical development of the cooperative farm movement, and higher output on the part of the individual farmers. Agriculture is scheduled to produce 27 per cent more between 1955 and 1960 than during the First Five-Year Plan. The advantages of the cooperative farms should become self-evident as

demonstrated in the economic and cultural progress made by the members, thus persuading the majority of the peasantry to take the path of large-scale socialist farming.

The conditions must be developed so that the yields of the state and cooperative farms, calculated per 142 acres, shall rise steadily, and that the labour expended per unit of produce shall be reduced. While the large-scale socialist farms should be developed primarily, we must assure greater incentive for the individual farmers in making the maximum use of the existing potentials of their farms, and in raising production.

3. The technical level must be raised rapidly in every branch of the national economy in the interest of higher output, and the achievements of science and technique must be widely applied. In this way the primary conditions must be created for the steady increase in labour productivity, and the systematic reduction of production costs.

Quality requirements must be boosted in every area of the national economy, primarily on the basis of technical development.

The quality of products, whether manufactured for home consumption or for export, must be improved considerably; while paying attention to the quantity of the output, special care must be given to quality inspection.

4. Labour productivity must be increased in industry so that over two-thirds of the rise in output, between 1955-1960, should be derived from increased productivity. Accordingly, output per worker — calculated on the basis of the present working hours which have not been reduced — should rise as follows: State industry, 36 per cent; heavy industry, 46 per cent; light industry, 20 per cent; food industry, 34 per cent; State building industry, 34 per cent. Labour productivity must be increased by 23-24 per cent at the machine stations, and 35-36 per cent on the State farms.

5. In the interest of ensuring the conditions for a continuous flow of production, the supply of materials must be improved substantially during the early years of the Second Five-Year Plan. The State's central stockpile of material must be considerably augmented. In addition to increasing the stocks on hand, they must meet the requirements both as to range and quality. To this end, greater emphasis must be placed on thrift with material, especially with imported material. Better utilization must be made of the waste and by-products from the manufacturing processes. Aluminium, plastics and other suitable materials should be substituted, as far as possible, for the use of non-ferrous metals which can be obtained only from abroad. Ferro-concrete, metal, and plastics must be used widely instead of wood, with the more extensive manufacture and appli-

cation of wood-fibre board and beaverboard by which wood can be economized. The working people must be given greater incentive for the economic use of materials.

6. Thrift must be enforced consistently in every area of the economy and State. Production and operating costs must be systematically reduced in every branch of the national economy. Comparable production costs must be reduced, during five years, by 16 per cent in industry under the direct control of the ministries. Production costs in the building industry must be lowered by a minimum of ten per cent, as compared to the budgets, and, over and beyond this, further savings must be ensured through the drafting of more economical technical plans. During five years, production costs must be cut by about 11 per cent in transportation, while operating costs must be reduced in home trade by about 11 per cent. A 17 per cent cut is scheduled in the production costs of State farms.

7. We must place at the disposal of industry an increasing number of highly skilled workers and qualified experts, capable of making good use of modern technique and of raising labour organization to a higher level. Technical and advanced training must be expanded and improved in all spheres of the economy. The broad masses of the working people must be given the opportunity to acquire a fundamental knowledge of technique and agriculture.

8. Consideration must be given, in developing the Hungarian economy, the growing potentials and requirements of economic cooperation among the socialist countries. On the basis of this factor, the productive forces must be developed, in accord with the given conditions and requirements of the country, so as to improve the raw material supply of the economy, ensure the best possible utilization of the economic resources and productive equipment of the country, achieve the rational specialization of production, and to make possible the shift to modern, mass production in more industrial branches. To this end, instead of the large-scale development of all branches of heavy industry, emphasis should be placed on the development of the chemical industry and oil refining; on the manufacture of finer grades of rolled steel in metallurgy; on the branches of the engineering industry which require a high amount of labour; as well as other industries in which our country possesses considerable manufacturing experience, such as telecommunications, Diesel engine and Diesel locomotive building, combine and tractor manufacture, etc. Special attention must be paid to developing the manufacture of the products of the food and pharmaceutical industries which have a world reputation.

9. Foreign trade must, during the Second Five-Year Plan, ensure the growing requirements for imported raw material and other goods on the part of the national economy which is progressing steadily; and place export articles so as to balance imports and reduce the country's foreign debt. Consequently the volume of foreign trade must rise by about 40 per cent, in 1960, as compared with 1955. In addition to the planned expansion of contact with the countries of the socialist camp, great attention should be paid to fostering and broadening trade with other countries on the basis of equality and mutual advantages. Special attention must be paid to the development of trade contact with countries which have recently gained their independence, as well as with economically under-developed countries.

10. During the Second Five-Year Plan, the national income is scheduled to rise about 40 per cent by developing the productive forces, raising the output of material wealth, increasing labour productivity, and reducing production costs.

From 20 to 22 per cent of the national income in 1960 is to be set aside for accumulation.

During five years from 76,000 to 78,000 million forints of the State funds must be allocated for capital investments, that is 10,000 to 12,000 million forints more than were allocated for investments during the First Five-Year Plan. In order to ensure the smooth development of the national economy even though unforeseen difficulties may arise, an adequate part of the accumulation should be used to establish reserves.

11. The population's well-being must be steadily improved on the basis of a constant rise in the national income. During the Second Five-Year Plan the average real wages per wage-earner of factory and office workers are scheduled to increase by a minimum of 25 per cent. During the same period the peasantry's income, both in cash and in produce, must be increased by about 25 per cent. We should guarantee that the total consumption of the population shall go up by 34 to 35 per cent in five years. A large-scale housing programme must be carried out during the Second Five-Year Plan; the health services and mother and child care must be improved; industrial safety and health must be developed; more comfortable transportation must be provided; and cultural standards must be raised, primarily through expanding education, the theatres, cinemas, radio, television, the libraries and book publishing.

12. Substantial changes must be instituted in methods of economic management in order to implement successfully the Second Five-Year Plan. Over-centralization should be done away with, and greater personal responsibility

should be established at every level of management — from the ministries down through the factory foremen — so as to raise the level of management.

Thus, among other things, the work of planning must be placed on more solid foundations. Plans of from 10 to 15 years in duration must, for the purpose of determining the long-range, general direction of the economy, be worked out for the major industries, and for the development of the capital and the various regions of the country. The scientists and other experts shall be involved in the drafting of these plans. The plans of the enterprises and various industries must be drafted by involving the working people and utilizing the experiences gained in elaborating the Second Five-Year Plan. The plans of the Councils should likewise be based on the initiative of the broad strata of the population. The enterprises and local councils must assume a greater role and responsibility in drafting the plans. The number of indices approved centrally, particularly those concerning the enterprises, shall be reduced, and as part of the indices stipulated, the managers of the enterprises must be given wider powers to carry through regroupings as the need arises. Only the Council of Ministers may set indices for Budapest, the counties, and for towns invested with rights of councils.

The councils must be granted full independence to handle the approved material, investment and financial allocations. The plan of agricultural production — while guaranteeing the required sowing area for cereals — shall set only the targets for produce deliveries to the State.

The number of materials, semi-finished and finished products under central control must be reduced and a much larger part of them shall be marketed through trade channels. The system of the control and allocation of materials must be considerably simplified: a shorter time limit must be set on orders, and a series of superfluous agencies acting as intermediary between the producers and consumers shall be eliminated.

The preparation and handling of investments must be greatly simplified and capital expenditures shall, on a much wider scope, be allocated to the jurisdiction of the enterprise managers or local councils.

The spur of material incentive must be utilized to a much greater extent in solving tasks; therefore an end must be put to the methods which divert the material incentive into the wrong direction, lead to wasting materials and to rejects and, at the same time, often blocks the way to the exploitation of latent reserves. In connection with this the system of prices paid to the producers must be readjusted so as to reflect more accurately

the ratio of labour spent on the products. The wages and bonus system, and the financial and credit system must be developed so as to provide incentive for high quality work, lower production costs, thrift with material and a higher technical level, as well as for the quantitative fulfilment of the plan. The enterprise employees must be made more interested in greater lucrativeness; and the enterprises must receive a greater share of the extra earnings. Enterprises producing for export must be made interested and participate in foreign trade activity.

An end must be put to unnecessary statistical reports; statements of accounts, the calculation of wages and the inventory of materials must be simplified. The parallel multitude of control, which often overlaps and is superficial must be eliminated, and a more efficient control

must be established, while reducing the staff responsible for control — including the quality and other inspection personnel within the factories.

In implementing these measures, civic discipline should be strengthened and management made more efficient, while developing the people's creative initiative on a broad scale.

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The Second Five-Year Plan should be a big step forward along the path leading to the continued upswing of the national economy, to the higher cultural standards of our people and to the realization of socialism.

The Second Five-Year Plan of the various branches and spheres of the national economy should be determined in accordance with the following directives:

I. Industry and the Building Industry

A rise of 47 to 50 per cent in the output of socialist industry, in the Second Five-Year Plan period, will enable industry — the major branch of the economy — to satisfy better both home requirements and the demands of foreign trade.

In order to raise industrial output, we must — while relying on technical development and close cooperation with the socialist countries — guarantee much better use of the existent industrial equipment, the gradual replacement of obsolete machinery with new machines, the continuity of material supply, the even tempo of production, and, as a result of all this, a steady increase in labour productivity. A total of 32-34,000 million forints must be invested in industry during five years.

1. The output in the last year of the Second Five-Year Plan of certain major industrial products will be as follows:

	1960 Output	1960 output in percentage of 1955 output
Electric power ...	8,350,000,000 kWh	154
Coal	29,400,000 tons	132
Oil	1,900,000 tons	119
Pig iron for steel	1,410,000 tons	165
Steel	2,240,000 tons	138
Rolled steel	1,400,000 tons	158
Alumina	224,000 tons	145
Sulphuric acid ...	200,000 tons	161
Caustic soda	40,500 tons	346
Fertilizers ¹	150,000 tons	372
Plastics	11,600 tons	430
Bricks	1,950,000,000	156
Cement	1,860,000 tons	158
Steam turbines ..	370,000 kW	154
Hydraulic turbines	50,000,000 forints	500
Power stations and industrial boilers	194,000,000 forints	330

¹ in utilizable substances

	1956 Output	1956 output in percentage of 1955 output
Diesel engines ² ..	567,000 HP	680
Buses and trailers	3,400	245
Railway passenger cars	805	272
Lorries	6,800	179
Metal cutting machine tools ...	11,100	183
Non-cutting machine tools	80,000,000 forints	283
Harvester combines	2,500	163
Bicycles	410,000	189
Motorcycles	54,000	326
Sewing machines .	68,500	149
Radio sets	455,000	147
Cellulose	46,500 tons	281
Paper	164,000 tons	155
Cotton fabrics ...	293,930,000 sq.yards	106
Wool fabrics	41,393,000 sq.yards	135
Silk fabrics	30,345,000 sq.yards	127
Knitwear	7,810 tons	155
Ready-to-wear clothing	7,274,000,000 forints	128
Shoes	16,200,000 pairs	116
Sugar	410,000 tons	165
Meat	217,000 tons	146
Lard	79,000 tons	131
Edible oil	35,000 tons	163
Butter	18,300 tons	161

2. The natural resources of our country must be exploited to a greater extent than previously. Nearly three-quarters of the total industrial investments will be allocated for the tapping and utilization of the country's raw material and power resources. The raw materials required by industry shall, by 1960, be covered to

² tractor and automobile engines not included

a much greater extent than in 1955 from domestic resources, by the rapid expansion of the output of industrial raw materials and more rational and thrifty management. We must meet, by 1960, our raw material needs from domestic resources to a far greater extent than in 1955. We must meet from domestic resources, by 1960, about 33 per cent of all the metallurgical coke (as compared to 2 per cent in 1955); 67 per cent of the caustic soda (29 per cent in 1955); 90 per cent of the sulfite cellulose (50 per cent in 1955); 10 per cent of hemp (66 per cent in 1955). There should be a considerable increase in the domestic output of lead, sulphur, phenol, cresol and other raw materials now largely imported.

Industry should manufacture, from the available raw materials which are relatively limited, more valuable products. By 1960, eighty-three per cent of the ingot aluminium, as against 74 per cent in 1955, should be processed into more valuable semi-finished and finished products. An increasing ratio of the coal and oil produced should be processed chemically by 1960. The chemical industry should be processing about 1,500,000 tons of domestic coal, or over four times more than in 1955. The by-products of the new coking plant at Sztálinváros should be utilized for the production of valuable chemicals.

We must increase, primarily in metallurgy, the output of better quality products. We must produce more types of high temperature and pressure-resisting steel. There must be a substantial rise in the output of high-grade alloy steel and low-grade alloy steel.

The sulphur content of fuel used in metallurgy must be reduced to about one per cent so as to ensure a substantial improvement in the quality of steel.

As part of the production of rolled steel the ratio of sheet steel shall be increased from 9 per cent, in 1955, to 15 per cent, in 1960, thus meeting the domestic requirements for sheet steel in 1960.

3. Geological surveying should be extended and become more efficient for the exploration of minerals in the country.

Over 2,500 million forints are to be spent, during the Second Five-Year Plan period, on geological surveying, that is almost three times more than the amount spent for this purpose during the First Five-Year Plan.

The methods of complex geological exploration should be applied to a much greater extent in order to disclose the coal, iron ore, non-ferrous metal and oil deposits of the country.

We expect to discover deposits yielding about 330,000,000 tons more of coal during five years. Surveying must be concentrated primarily on areas where it is anticipated that there are deposits of high quality bituminous coal or lignite of a high caloric value.

The full extent of the oil fields at Nagylengyel should be ascertained, and new resources of oil and natural gas should be explored, with the purpose of increasing the oil resources by about 30,000,000 tons, and raising on a large scale the country's gas resources. About 3,800,000 feet of trial boring must be done in five years, as against the 2,050,000 feet in 1951-54. Borings must go as deep down as from 13,000 to 16,500 feet.

Surveying must be done to map out the bauxite resources. We plan, during five years time, to add 10,000,000 tons to our bauxite resources, by the prospecting of high quality bauxite deposits. We must supply to industry adequate quantities of good quality bentonite, fireproof clay, foundry sand, plaster of paris and other important minerals.

4. The mining industry shall ensure the growing exploitation of the country's mineral resources. Mining output is scheduled to rise by 56 per cent in five years. Capital expenditures of 7,500 million forints are to be invested for the development of mining, with about 5,000 million forints of this sum to be allocated to coal mining.

The output of bituminous coal is scheduled to rise, by 1960, 33 per cent; that of brown coal, 20 per cent and of lignite, 38 per cent. We shall open new pits with a total output of about 10,000,000 tons. The new pits should primarily be concentrated on the mining of bituminous coal and high quality brown coal so that it will be possible to raise the ratio of high quality coals in years to come. The mining and dressing of coal for coking should be developed in the bituminous coal fields of the Mecsek. The output of coal concentrated for coking must be doubled during the Second Five-Year Plan.

Great efforts are needed for increasing the output of the high quality brown coal of the Tata-Dorog region and improving brown coal mining in the Borsod region. We must see that the brown coal mining, in northern Hungary, shall speedily provide the existing enterprises in the Borsod industrial region, and those which will go into operation during the Five-Year Plan, with enough high quality coal. The capacity of the coal grading plants should be expanded by about 9,000,000 tons a year, so as to ensure the more rational distribution, and more economical use of the various grades of coal; thus, by the end of the Second Five-Year Plan, most of the coal should be graded.

The amount of mine timber used per ton of coal should be reduced by a minimum of 16 to 17 per cent during five years. This should be done partly through greater economy and partly through the greater use of steel, concrete, and reinforced concrete props.

About 800,000 metric tons of peat should be produced, in 1960, primarily for agricultural

and heating purposes. Peat should be utilized for the manufacture of heat and sound insulating materials as well.

An increase of at least 300,000 tons in the output of oil is called for during the Second Five-Year Plan. The output of natural gas should be increased from 705,900,000 cubic yards, in 1955, to a minimum of 910,000,000 cubic yards, by 1960. The more efficient utilization of the gas from the Zala fields should be ensured, partly for industrial purposes, and partly for consumer use.

The Rudabánya ores must be concentrated so as to increase the use of domestic iron ore. A dressing plant should be put into operation for manganese-carbonate ore; and metallurgical processing of the enriched ore should be ensured, so as to supply metallurgy with sufficient manganese ore.

Bauxite production is to be increased from 1,290,000 tons, in 1955, to about 1,600,000 tons, in 1960.

The output of mineral mining is expected to go up about 75 per cent in five years. The proportion of pulverized and dressed minerals must be increased from 35 per cent, in 1955, to at least 55 per cent, by 1960, for the more efficient utilization of the minerals.

5. In order to meet growing demands, the output of siderurgy and metallurgy is scheduled to rise, by 1960, 40 per cent above that of 1955. About 3,000 million forints are to be invested in metallurgy during five years.

As much as 28-30 per cent of the iron ore requirement of metallurgy — calculated on the basis of iron content — is to be supplied by 1960 from domestic resources. The proper dressing and concentration of the ores must be developed, in addition to raising the output of domestic iron ore. The capacity of the blast furnaces must be increased by about 250,000 tons through an increase in the ratio of concentrated ores. The dust loss should be reduced by about 50 per cent, and the specific use of foundry coke should improve by 20 per cent by 1960.

The output of heavy and light plates is expected to go up by 110 per cent, and that of sheet steel by 160 per cent during five years. The Stalin Iron works, this large project of the First Five-Year Plan, must be expanded so that metallurgy — particularly plate manufacture — can be developed. We must put into operation there, by 1960, the second blast furnace, two new open hearth furnaces, two coking blocks, and the hot and cold rolling mills. The modernization of the Lenin Metallurgical works at Diósgyőr must be continued.

The quality of carbon steel must be improved by low alloys. The ratio of unkilld steel must be increased from the present 20 per cent to 40-50 per cent by 1960. With this and other

measures, the specific steel requirements of rolled steel production are to be reduced by about 5 per cent during five years.

The output of ingot aluminium is scheduled to rise to at least 47,500 tons by 1960, as against the 37,000 tons produced in 1955. The ground work must be laid for the building of a new, modern alumina factory for processing poorer quality bauxite.

We must raise to a considerable extent the output of alloyed, drawn, rolled and pressed semi-manufactured aluminium products, as well as that of various finished aluminium products. Consideration must be given to the expansion of the capacity of the aluminium processing factories.

The domestic production of magnesium must be commenced in the non-ferrous metallurgical industry, since this will make it possible to manufacture high quality aluminium alloys. A magnesium foundry, with an annual capacity of 600 tons, will be put into operation in 1960. Measures must be taken for concentrating and processing the lead and zinc ores mined at Gyöngyösoroszi.

6. The consumption of electric power will rise rapidly as progress is made in industrialization, technical development and the improvement of the population's living standards. We must, therefore, ensure that the electric power supply for industrial and consumer use, as well as the capacity of the power stations, will rise at a faster rate than industrial production, in contrast with the First Five-Year Plan when electric power output lagged behind industrial output.

The electric power supply is scheduled to rise by about 64 per cent up to 1960 (including the power supplied from abroad on the basis of agreements on international co-operation).

About 7,000 million forints should be invested, during five years, for developing the electric power industry. The capacity of the power stations should be expanded by approximately 663,000 kW, during five years, partly by expanding the existent power plants, but chiefly by building new power stations. We must complete the 200,000 kW Borsod power station and the 225,000 kW Tiszapalkonya power station. We will build a power station of a 90,000 kW capacity at Pécsúthegy, and the capacity of the Ajka power plant should be increased by 100,000 kW. Work will begin on the building of a 132,000 kW power station at Oroszlány, and a section of it will be put into operation. Building work will commence on three more power plants with a total capacity of 500,000 kW. Electric power output shall be increased by about 50,000 kW by coordinating the capacity of the boilers and generating units of the present power plants.

About 57,000 kW of the new power plants shall be supplied by industrial heat engine power plants — supplying steam as well —, and 18,400 kW by small and medium sized hydroelectric power stations. The production costs of electric power output must be reduced by about 13 per cent, through cutting specific calory consumption by 15 per cent.

Steps must be taken to organize properly the distribution of peak loading, and to ensure sufficient power reserves. These measures, coupled with the development of the network must result in the power supply becoming more reliable and economical. In addition, measures must be taken to promote thrift in electric power consumption. A transmission line of 220 kilovolts, and the sub-stations for it must be built in order to link up with the power systems of the People's Democracies and to handle the power supplied by them.

7. The mining, and in part the processing of domestic uranium must be started and developed under the Second Five-Year Plan. We must, on the basis of this, pave the way for the peaceful use of atomic energy. During the Second Five-Year Plan, we must put into operation, with the assistance of the Soviet Union, the country's first atomic reactor for scientific research, and utilizing the experimental results produced, shall commence building the first atomic power plant, which will begin operating during the third five-year plan.

8. The chemical industry will develop the most rapidly of all the industries during the Second Five-Year Plan. A new, highly important organic chemical industry will be established. During five years, the output of the chemical industry is expected to double, and the output of organic chemistry will rise four times over. Capital investments totalling about 5,000 million forints will be allocated for the chemical industry.

The Tisza Region Chemical Works — the largest industrial project scheduled by the Second Five-Year Plan — will be built on the basis of the natural gas piped from Rumania. The building of the Tisza Region Chemical Works will make it possible to produce, by modern methods, plastics and synthetic fibres of basic importance to the economy; it will also enable us to expand the output of fertilizers on a large scale. Basing ourselves largely on this new factory, we must institute the large-scale manufacture of synthetic fibers (perlon, poliacylnitrile) — which are substitutes for cotton, silk and wool, of a better quality and more durability — and of PVC (polivinychlorid), which is a good substitute for lead, copper and other non-ferrous metals, for leather and certain building materials.

The output of fertilizers will be raised by building an ammonium plant at the Tisza

Region Chemical Works, expanding the Bor-sod Chemical Works, and establishing a super-phosphate factory at Szolnok. During five years we will spend about 700 million forints for the development of fertilizer manufacture. The output of nitrogen fertilizer should, by 1960, go up seven times above that of 1955, whereas the manufacture of phosphor fertilizers will more than double during the same period. Production will begin of fertilizers containing two utilizable substances — nitrogen and phosphor. Manufacture should commence of carbamide, primarily for purposes of fodder. The preparation of complex insecticides should be introduced and more chemical weed-killers containing hormones, should be manufactured. The output of insecticides is scheduled to treble during five years. The value of all chemical products supplied for agriculture should be, by 1960, 2.6—2.7 times above 1955.

A large-scale increase is required in the output of important chemical agents derived from the distillation of coal. We must manufacture, by 1960, about 6,200 tons of benzole, 5,200 tons of phenol, a large quantity of naphthalene and other tar products. The consumers' gas supply must be improved through raising the output of coal by 42 per cent.

Larger quantities of higher quality oil products must be supplied to transport, industry and agriculture. The overall output of petrol, kerosene and fuel oil should be increased by about 55 per cent. The quality of motor fuel must be improved, and the ratio of lubricants refined with solvents must be increased from 10 to at least 45 per cent. A new cracking plant must be built, in order to ensure the economical refining of the oil of the Nagylengyel oil fields, and the utilization of cracking gases for the production of valuable chemicals must be begun.

The output of the pharmaceutical industry should be more than doubled during five years. It is necessary to begin manufacturing new, up-to-date antibiotics and pharmaceutical products.

The output of the rubber industry should rise by 100 per cent, with an 85 per cent increase in tyre manufacture. More household articles, toys and other consumer goods should be manufactured out of plantation and synthetic rubber, as well as of plastics.

9. The building material industry will have to supply the growing number of projects — especially housing — with modern building materials, and with prefabricated parts, which can be transported and assembled without difficulty. The building materials industry must produce many new, modern building materials which will cut building costs, increase labour productivity, and speed up substantially the completion of the projects. Over 2,000

million forints will be allocated for capital investments in the building material industry.

The output of the building material industry will be raised by a minimum of 62-65 per cent during the Second Five-Year Plan. The output of cement, — the primary material for a modern building industry — is scheduled to rise by 700,000 tons during five years, while output of the prefabricated concrete industry will go up about 2.5 times the present figure. There must be a much wider range of prefabricated reinforced concrete units. We must expand the production of reinforced concrete railway sleepers and over-head line poles. It will be necessary to begin the manufacture of big size walling blocks, and wall and roof panels for the housing programme.

Hollow bricks shall constitute 50 per cent of the total brick output, in the interest of increasing labour productivity. Steps must be taken for the gradual utilization of furnace and foundry slag for the manufacture of modern building materials.

The output of the glass industry must be raised by 56-58 per cent, and that of small pottery by about 60 per cent to meet domestic demands and the growing requirements of export.

Measures must be taken to introduce the large-scale manufacture of good quality drawn glass, optical glass, as well as of artificial stone and coloured tiles, which are substitutes for non-ferrous metals.

The manufacture of temperature and sound-insulating panels and materials from domestic raw materials must be expanded. The output of fire-proof materials is planned to rise, by 1960, 30 per cent above the 1955 output.

10. The engineering industry will have to supply more machinery, installations, vehicles, instruments and other means of production of better quality and a more modern finish, and in much larger series, for the entire economy and for trade, to strengthen national defence and to meet the rapidly growing requirements of the population. Accordingly, engineering output must go up by about 70 per cent during the Second Five-Year Plan. Approximately 3,500 million forints will be invested for the development of engineering, over 80 per cent of which shall be used for expansion of the existent plants.

Making full use of the possibilities offered by international cooperation, we must develop the engineering branches best suited to the country's resources, and the output of products requiring less material. Furthermore, we must get set for the mass production of articles, which in addition to meeting domestic requirements, satisfy — because of their high technical level — the needs of the countries participating in international cooperation. Serial

output must be introduced or expanded primarily in the manufacture of Diesel locomotives, certain farm equipment (combines, maize harvesters, tractors) and buses.

Machine tool manufacture must be doubled especially of types which consume less material (machine tools for precision mechanics) and single purpose and transfer machines.

The ball-bearing manufacture should be increased by more than 160 per cent.

Particular stress should be laid on the development of the manufacture of vehicles with Diesel engines. In 1960, we must build 380 standard gauge Diesel locomotives of various capacities. During the Second Five-Year Plan, 90 motor trains and over 200 motor ships shall be made. The output of Diesel-engine tractors is set at 5,700, in 1960, as compared to 100 in 1955. The manufacture of Diesel engines, in 1960, should increase about sevenfold, expressed in h. p., as compared to 1955.

The manufacture of high-capacity electric locomotives must be developed; in addition to the Diesel engines we shall produce 5 of them in 1960.

The plans call for a rise of 110 per cent in the output of farm equipment, and of 112 per cent in the manufacture of tractors during five years. Modern cultivating and harvesting machines are required; in five years, industry is expected to produce about 9,000 high-capacity caterpillar tractors, 10,000 all-purpose tractors, over 10,000 grain combines, and about 17,000 maize harvesters and ensilage cutters.

Greater attention must be paid to the manufacture of modern chemical equipment, in line with the wide-scale development of the chemical industry. The output of chemical industry equipment is to go up about 2.5 times above the 1955 figure, that of hoisting and transport equipment to more than 1.6 times, of pumps and compressors to more than 1.7 times, and of ship building to more than 1.4 times of the 1955 figure.

The manufacture of hydraulic turbines must be greatly extended. We must ensure increased manufacture of mining machinery, flame protection equipment, and of modern machines for the food and building industries.

We must make up for the relative lag of the electrical industry. It is necessary to establish a laboratory dealing with high voltage and high power equipment. The traction engines and generators needed for Diesel electric locomotives must be developed. The 50 Mw turbo-generators with the most satisfactory cooling system are to be developed, and the manufacture of new electric locomotives for the railways is to be introduced. The electrical industry must cope, within a short time, with the tasks of automation and electrical control.

We must double the output of light current

engineering, which has considerable manufacturing traditions, and should produce a series of new modern products. It is particularly important to develop output in vacuum technique and telecommunications (telecommunication equipment and semi-conductors). Particular stress should be laid on the manufacture of ultra-short wave radios, TV sets, and FM transmitting sets. Approximately 110,000 television sets must be produced during five years.

The precision instrument industry must more than double its output. It is especially important to develop the manufacture of electronic instruments, material testing devices, equipment for automatic control, and complete laboratory equipment.

The production of radiological (nuclear) instruments should be further developed for application in industry and in medicine, as well as for research purposes. The serial production of geophysical measuring instruments is to be improved. Emphasis should be placed, in the manufacture of medical equipment and instruments, on the development of more up-to-date equipment and stainless steel instruments.

The engineering industry should rapidly increase the output of consumer goods, manufacturing, during five years, a minimum of 2,100,000 radio sets, and 60,000 tons of metal utensils.

We must begin the manufacture of bicycles with built-in 50-75 cc engines (Moped). The manufacture of midget cars, driven by motorcycle engines, should be introduced. Industry must produce, during five years, 230,000 motorcycles and midget cars, and 1,700,000 bicycles and mopeds.

The output of electric household appliances must be more than trebled.

The engineering industry must cope with the output of good quality parts for machines, equipment and vehicles used in industry, construction, agriculture, communications and other branches of the economy.

The manufacture of spare parts is to be considerably improved, raising it, by 1960, to about 2.5 times the 1955 output. Particular attention should be paid to replacement of parts for machinery sold abroad. Standard machine parts should be used more widely.

The specific rolled steel consumption is to be reduced by 18-20 per cent, between 1955 and 1960, through reducing the weight of the machines, by the use of steel alloys, and through greater thrift with materials. Great stress should be laid on substitutes for non-ferrous metals; in cable production alone 3,350 tons of lead and 400 tons of copper should be replaced with aluminium by 1960.

The engineering industry should manufacture more export articles which meet modern

technical specifications and can be sold profitably. In machine export, we shall increase the ratio of precision tools, telecommunication and vacuum technique products, Diesel engines, buses and farm equipment, and in machine-tool exports the ratio of new-type models, technically perfected, high capacity millers, lathes and grinders. A greater proportion of precision instrument export should consist of the new type X-ray apparatus, and the textile testing and electrical measuring instruments. The targets of machine exports must be strictly observed in accordance with technical and quality specifications, and the enterprises manufacturing export products must be given greater incentive to this end.

11. The output of the light industry should be increased by about 25 per cent, including about 22 per cent in the textile industry, 28 per cent in the ready-to-wear industry, 26 per cent in the shoe industry, 37 per cent in furniture manufacture, and 55 per cent in paper manufacture. A total of 2,300 million forints will be invested in the light industry during five years.

A smaller ratio of light industry products will be exported than during the last few years, making available, in 1960, 40 per cent more light industrial products at home, than in 1955. The quality of these products must be improved, and the range broadened substantially.

A large number of durable consumer goods, attractively finished, are to be marketed. We must develop, in the first place, the manufacture of high quality textiles, ready-to-wear clothing and shoes, and various clothing items made of synthetic fibres.

Light industry consumes, at present, the largest amount of imported raw material. All efforts must be made, therefore, to use more domestic raw material and to reduce the ratio of imported materials in the light industry. A new straw pulp factory, with an annual output of 22,000 tons will be put into operation, and four wood-fibre board and two beaverboard factories are to be built. In 1960, we must manufacture from domestic raw materials, approximately 27,500 tons of straw pulp, 1,677,225 sq. feet of wood-fibre board and beaverboard, and 22,000 tons of hemp fibre.

12. The output of the food industry is expected to go up by 48-52 per cent during the Second Five-Year Plan. The output of the meat packing industry will be raised by approximately 47 per cent, the poultry dressing industry by 70 per cent, the canning industry by 45 per cent, the dairy industry by 48 per cent, and the sweets industry by 66 per cent. The output of food concentrates, vitamin-rich products and deep-frozen fruits and vegetables should be increased.

The food industry will be allocated, during five years, 2,200-2,400 million forints for capital investments. In order to place output on the proper level, the sugar industry must process daily 3,200 tons more sugar beets, the dairy industry, about 230,000 quarts more milk, and the poultry industry, 6,000 tons more poultry a year. The capacity of the breweries is to be increased by 20,465,500 gallons a year. The capacity of the refrigeration plants must be increased by over 20,000 tons.

The quality of foodstuffs and other products must be substantially improved, offering a greater variety, and with a more hygienic production and packaging.

It is necessary to reduce sharply the waste of materials and products in the food industry.

13. The local industries and the artisans' cooperatives should supply the population with more consumer goods and do more repair work. The industrial enterprises, which operate chiefly with local materials and service the communities, and which come under the jurisdiction of the ministries should be transferred to the Councils. With the exclusion of the latter, the output of the state and cooperative local industry should be increased by about 35 per cent during five years.

Great stress should be laid on the development of local (state and cooperative) building material production, and the required financial means are to be provided for it.

Private small-scale industry is still expected to play a part in satisfying the requirements of the population.

Arts and handicrafts should be encouraged, and a broader market should be developed for these products. The products of folk and commercial art should be popularized more widely.

14. The building industry should be developed so that it can cope with the growing tasks, in accordance with the investment and renewal targets, in building the projects planned for industry, agriculture, transport, and other areas

of the economy. The output of the building industry is scheduled to rise by 54-56 per cent during five years. About 1,000 million forints will be invested in the building industry, over two-thirds of which will go for new machinery.

The building programme should be thoroughly reorganized. The building industry, especially housing, must be gradually transformed into a large-scale assembly industry by the concentration of building operations, the completion of public buildings on schedule, speeding up building operations and cutting costs, and by the way of prefabrication and mechanization. Much greater use must be made of prefabricated reinforced concrete parts and structures. More than eight times the quantity of hollow bricks and walling blocks should be used.

Local materials should be utilized as much as possible. Roofs with a slight gradient must be built on a far wider scale.

The manufacture of building machine equipment must be expanded together with the development of the building industry.

The more efficient utilization of the machines, equipment, and other tools available to the building industry requires a better organization of the building industry and the planned reorganization of its disjointed structure.

15. Serious consideration must be given to the problem of providing the necessary raw materials, semi-finished products and parts on schedule. Strict planning should be observed in handling the interfactory deliveries, and in securing imported materials and parts.

Stockpiles should be accumulated during the initial years of the Second Five-Year Plan which are large enough to ensure the smooth flow of production. At the same time, the specific consumption of material should be reduced in the industry, as a whole, while improving quality, and adopting stringent measures against waste in handling materials and against rejects.

II. The Technical Level of Industry

The continued development of the entire national economy calls for a rapid rise in the technical level of all industries, during the Second Five-Year Plan. We must, while relying upon the international division of labour, and utilizing the best experiences of the socialist camp and of the capitalist countries, ensure the adaptation of the rapidly developing technical achievements, the wide propagation of advanced experiences and, together with it, the acceleration of technical progress.

The funds available for technical development must be concentrated upon the solution of the following fundamental tasks:

1. In the interest of increasing labour productivity and improving the working conditions of the workers, it is necessary to accelerate the mechanization of production processes, primary of those requiring heavy physical labour and of jobs hazardous to the health. The aim shall be to mechanize, in addition to the major processes, the auxiliary and secondary processes, thus ensuring that an ever greater section of industrial employees will be engaged in the basic processes of production. Automation of the production processes should be commenced and extended in certain areas. Investments for machinery must be substantially increased:

about 14,000 million forints — 70 per cent more than in the First Five-Year Plan — of the funds allocated for investments and renewals must be spent during five years for the gradual replacement of machinery, and the installation of new machinery and equipment in industry.

2. The increase of mechanization must be founded on the expansion of electrification. Per capita consumption of electric power in industry should be increased by approximately 44 per cent, rising from 5,766 kw-h, in 1955, to 8,300 kw-h, by 1960; that is, it must be increased at a quicker pace than labour productivity.

3. Modern chemical process must be applied on a wide scale in the various spheres of industry. The corrosion of metals must be prevented to a greater extent by the use of chemical treatments. Chemical products must be used to a greater degree as substitutes for metal employed in industry, and certain raw materials of agricultural origin. More of the by-products and waste must be processed chemically. Per capita output of plastics is scheduled to go up to 2.42 lbs., by 1960, or more than four times the 1955 quantity.

4. The use of instruments must be substantially extended in the control and direction of production processes. More use must be made of up-to-date radio engineering and electronic equipment in the various industrial fields. Investments allocated for the supply of instruments will go up two and a half times during five years.

5. A radical change must be made in the economical use of the output and consumption of power. The aim shall be to use the fuel in installations conducive to greater efficiency. Processed fuels that can be utilized with a better degree of efficiency should be used to a greater extent. Altogether three to three and one half million tons of coal must be saved in 1960 by classifying and enriching the coal, by the chemical processing of it, by the elimination of dust from small coal, the application of modern firing processes, remodelling and modernizing equipment¹ generating and consuming power, the setting up of new, more efficient equipment, and utilizing the waste energy of power plants and other installations.

A start should be made in using the waste heat energy of industry — wherever it is economical — for the district heating of buildings. Investments and renewals totalling about 700 million forints must be guaranteed during five years, for the improved utilization of power.

There must be greater use of Diesel engines; Diesel tractors must be manufactured exclusively, from 1957 onwards, for domestic purposes.

6. Much more speed must be displayed

in modernizing our products and marketing new products, meeting the requirements of advanced technique. Consideration must be given for the steady and continuous development of our modern products. In developing our products, the requirements of foreign trade and greater profitableness of exports shall be primarily taken into consideration, in addition to meeting as far as possible the home demand.

Special attention must be paid, to this end, to using less material — especially imported material — for the products, as well as to reducing the weight of the machines, and to improving quality and durability.

To realize these aims, we must develop the chief industrial research and planning institutes, their machinery, laboratories and experimental equipment and instruments, as well as the designing and research institutes of the factories.

The major objectives of technical development in the various branches of industry shall be as follows:

a) In coal mining the large-scale extension of coal getting methods, suitable for mechanization, to an ever larger section of the mines; the more extensive application of modern types of supports in drifts; the development of blasting technique; the propagation of the Kóta millisecond blasting; the mechanization of open cast and underground mining operations.

By the end of the Five-Year Plan, the quantity of coal mechanically broken and loaded must be raised to about ten times the present quantity, thus the extent of mechanization of breaking shall be raised to about 9 per cent and that of loading to 22-25 per cent. The extent of mechanization of transport at the face shall be 70 per cent by 1960. At least three coal mines must be completely mechanized.

b) It is necessary to develop boring technology in order to speed up oil exploration. Jet type boring, which has proved to be sound, must be applied on a wider scale. By the end of the Five-Year Plan, 40 per cent of the boring equipment shall be operating with the most modern methods of the use of turbines. The logging of bore-holes shall be improved by introducing radioactive and other up-to-date methods. Secondary production methods shall be employed to a greater extent in oil production — primarily on the South-Zala oil fields — to speed up the flow of oil into the wells.

c) In order to improve the economy of electric power development, boilers and turbines of greater capacity and efficiency should be used, thus raising the average boiler output of the large power plants by 58 per cent and the average output of power generating units by 48 per cent. In the interest of a more reliable electric power supply greater use must be

made of remote control equipment, earth leakage protection devices, and automatic feedback couplets, for both the long-distance network of 120,000 voltage and the medium voltage network. Network losses must be reduced.

d) High furnace throat-pressure must be gradually introduced at the blast-furnaces in metallurgy. The charging of the furnaces in the foundries must be fully mechanized by the end of the Second Five-Year Plan. The converting process and the use of oxygen should be introduced for the purpose of reducing the use of scrap iron. About 10 per cent of all the steel produced should be made by the converter process, by 1960.

A low-shaft small-furnace must be set up for the experimental production of ferromanganese.

The flow limit of the steels used in welded structures must be raised. Technological improvements, which will result in a considerable specific saving of material, must be introduced in rolling, forging and casting operations. A solution must be found for the greater utilization of power waste and by-products in metallurgy.

e) Apart from introducing many up-to-date, new products, it is necessary primarily to apply, on a large scale, in the engineering industry, production processes which make a higher productivity possible and permit the more economical use of materials. The production of non-cutting machine-tools and their use in cold and hot shaping should be developed on a large scale. Increased use must be made primarily of excentric presses, light pneumatic hammers, hydraulic forge-presses and other equipment of the forge industry.

Steps must be taken to modernize the foundries and to step up the mechanization of the foundry's working processes.

In order to reduce metal working and material losses, we must expand the manufacture of parts made by powder metallurgy, modern shaping, centrifugal chill and investment casting, the hot-rolling and drawing of gears, cold pressing, and drop forging. Welding should be perfected and made use of on a wider scale.

We must supply more tools and attachments for machine tools. Single purpose machines of higher efficiency should be introduced for the manufacture of cars, Diesel engines, Diesel locomotives, motorcycles and bicycles.

The prerequisites for a highly efficient mass production must be laid down in engineering by developing specialization according to plan and on a scientific basis, as well as by expanding cooperation. To this end, we must set up groups of engine types on a wider scale, which will include engines of varying output and purposes built of the same parts and assembly

units. There must be established, for the machine tool and motor industries, a specialized foundry, a big capacity smithy for the shaping of machine parts, and a special factory for the manufacture of standard parts. The specialized factories should operate with a high degree of mechanization.

The most advanced technical level must be attained in the telecommunication industry, in connection with a series of vacuum technique, telecommunication technique, and ultra-short wave equipment, as well as in radio engineering. A major task in the telecommunication industry as a whole is the miniaturization of equipment and parts, and developing their resistance against the extremes of climate. We must promote research into and the application of semi-conductor instruments. There should be an expansion of the manufacture of a number of special telecommunication materials.

About 150,000,000 forints should be allocated for building a glassworks, a pottery works a krypton lamp factory, etc., to expand the production of primary material for the telecommunication industry.

b) We must apply, in the chemical industry, a series of up-to-date technological processes — including catalytic processes at low and high pressure — primarily in processing natural gas and oil. In some areas, a shift must be made from batch production to continuous production. We must speed up the chemical processes by modernizing technology. There must be an increased instrument check of the chemical processes.

Brown coal must be used for coking. Steps must be taken to introduce the hydro-cracking process in the oil refining industry, to meet the greater qualitative demands.

We must commence and carry through the processing of various industrial by-products (pyrite cinder, red mud).

c) We must aim in the building industry at increasing the mechanization of arduous and labour-consuming processes so that, by 1960, 67 per cent of the earthwork, and 90 per cent of the concrete batching will be mechanized. Greater use must also be made of prefabricated parts and structures, with a greater ratio of reinforced concrete structures.

During five years, the number of machines for lifting prefabricated parts and structures should be doubled, and they must be used to better advantage. Machines should be used to a wider extent for plastering, parquetry planing, whitewashing and painting. We must raise and modernize, in the building material industry, the production of material as well as of transport and loading, while developing the technique of drying and burning.

d) The replacement and renewal of the obsolete factory equipment in light industry

must be continued at a more rapid tempo, so as to raise productivity considerably. By 1960, the textile industry must have two and one half times more automatic power looms as compared with 1955. It must be made certain, by adequate technical measures that, in 1960, the ratio between synthetic fibres and all silk yarn used in the silk, knitwear and haberdashery industries, will exceed 17 per cent (as compared to about three per cent in 1955); that the ratio of the viscose fibre used in the cotton industry will be over 16 per cent (8 per cent in 1955), and that the use of wood-fibre board in the furniture and miscellaneous

wood industry will be 94 per cent of all plywood used (29 per cent in 1955).

e) The target should be set, in the food industry, of mechanizing the labour consuming processes, extending the assembly line production system, increasing the supply of instruments and the consumption of certain synthetic chemicals. The mechanization of the handling of materials should be stepped up in the canning, sugar and flour milling industries.

We must offer greater material incentive in all industries, designed to develop advanced technique, and to introduce up-to-date, new products.

III. Agriculture

The main agricultural task during the Second Five-Year Plan is: the general upswing of agricultural production and of the yields, as well as promoting the socialist re-organization of agriculture. These tasks should be accomplished first of all through the development and extension of the production of the large socialist farms, the improvement of their farming, and the gradual increase of production of the individual farmers.

In the years 1956-1960, agriculture has to make sure of about 27 per cent more products, as compared to the First Five-Year Plan, to cover the growing requirements of the national economy, and raise the standard of living. Accordingly, the cereal crop must be increased, by 1960, from 54 million cwt. to 58-60 million cwt.; the overall weight of meat animals must be increased from 16 million cwt. to 22 million cwt.; the milk yield must go up from 1,500 million quarts to 2,000 million quarts, eggs from 1,400 million to 1,800 million, and the wool production must rise from 116,000 cwt. to 170,000-180,000 cwt.

This large-scale development in agricultural production must be supported by the considerable increase in the supply of material and of technical equipment, the mechanization and electrification of agriculture and the large-scale application of chemicals, as well as by the comprehensive assertion of the incentives for producers. The production of the state farms and the cooperative farms should be raised to a greater extent than the average.

The level of production, management and profitability should be raised on the large-scale socialist farms so as to constantly convince the working peasants of the superiority of large-scale farming; thereby the majority of them should take the path of collective farming, by 1960, thus ensuring the predominance of the socialist sector by the end of the plan period, in agriculture as well.

During five years 13,000 million forints have to be invested in agriculture from state

resources, or 53 per cent more than in the First Five-Year Plan period. To this must be added the 1,000 million forints investments made by the cooperative farms out of their own resources.

1. Crop farming should be developed in the direction of intensive farming, by increasing the growing of fodder, industrial crops and horticultural crops.

We must build up a solid fodder supply for animal husbandry which is developing rapidly, thus providing the chief prerequisites for higher meat and lard production. At the same time, agriculture must ensure the country's supply of bread grain, and the building up of adequate state reserves in cereals.

The raise in crop husbandry must be ensured primarily by increasing the yields. The increase in yield per acre should be, in 1960, as against the average yield during the First Five-Year Plan period, as follows: cereals, 10-12 per cent; maize, 30 per cent; potatoes, 25 per cent; sugar beets, 22 per cent. The use of seed giving a bigger and better yield should be gradually extended. Hybrid seed should be planted, by 1960, on at least 50 per cent of all the maize fields.

The arable area of the country must be increased by at least 213,000 acres by the end of the Second Five-Year Plan. We must improve, during five years, at least 710,000 acres of poor land, alkali, sour, and sandy soil and, by green cropping, increase the fertility of the soil on an additional 710,000 acres, extending green cropping to soil poor in organic matter.

Effective measures should be taken to prevent further damage by erosion.

During the Second Five-Year Plan, the area sown to maize should be increased by 16 per cent, and that of perennial papilionaceae by 33 per cent.

Manure and liquid manure must be handled and utilized to better advantage; peat must be gradually utilized in agriculture to renew the fertility of the soil.

The peat exploited between the Danube and Tisza Rivers must be fully placed at the disposal of agriculture. In 1960, an acre of land should be treated with an average of 31 lbs. of fertilizer — expressed in utilizable substances — as compared to 9 lbs. in 1955; 14 lbs. of nitrate fertilizer should be used instead of 2.6 lbs.

A greater amount of insecticides should be used in combatting plant pests and diseases. In 1960, chemical weed-killers should be used on more than 1,100,000 acres as compared to 227,200 acres in 1955.

Experiments should be conducted into the use of chemical weed-killers on pastures, and this method should be gradually introduced.

The technical equipment of irrigation systems must be overhauled. The irrigation area must be increased from 225,780 acres, in 1955, to 340,800 acres by 1960. Crop-rotation must be practiced in rice growing, and new species should be introduced to improve the rice crop.

The traditional horticulture of our country should be further developed. We must grow a greater proportion of vegetables with a higher nutritive value and the local power resources should be exploited to a greater extent for the establishing of green house horticulture.

The growing of fodder and vegetable seed, ensuring good yields under our conditions, must be developed, as well as of herbs, constituting the basis of the pharmaceutical and volatile industries and of plants used in industry. The area and growing stock of the large-scale orchards should be doubled during five years, while developing the orchards of the household plots.

The main method for increasing the production of viticulture and viniculture is to renew the old vines and to replace the missing vines. In the interest of maintaining the present vineland, grape vines must be planted on 51,120 acres, while increasing the ratio of dessert grapes. There should be an increase in the growing of graftlings and the preparation of green grafted shoots. The modern renewal of vines must be speeded up in the historical wine-regions, primarily in those of Tokay-Hegyalja and the Badacsony regions.

The growing of grapes and wine production must be modernized in the interest of improving the quality of Hungarian wine.

We must provide the required warehouses, equipment and implements to handle the crop in the interest of producing more vegetables, fruit, grapes and wine for the market, and improving their quality.

The yields of hay-fields and pastures must be increased by 10 to 15 per cent. Great attention should be paid to increasing the grass crop

of neglected pastures, and to improving the hay-fields and pastures.

2. It is necessary to develop animal husbandry — especially by raising the yields — so as to satisfy the requirements of the economy, and to improve, as rapidly as possible, the population's meat supply in particular.

The production of animal produce must be considerably increased: porkers, by 25-30 per cent; milk, by 35-40 per cent; eggs, by 20-25 per cent. The cattle stock should be increased, by 1960, by about 5 per cent. The milch-cow stock should be increased from 850,000, in 1955, to 1,000,000 in 1960.

In the interest of making meat and lard production more economical, the pig-stock should, in general, not be increased during the Second Five-Year Plan; there should be a greater proportion of porkers, however, and the fattening period should be shortened. The sheep stock should be increased by 25-30 per cent during five years. The horse herds should be reduced by about 200,000 in line with the mechanization of agricultural and transport work.

The qualitative level of stock-breeding should be raised by the wide use of artificial insemination as well.

The poultry breeding stock should be increased to about 25,000,000 head. The incubation of baby chicks should be raised at the state incubating stations and on the state farms to over 30,000,000 in 1960.

The state farms and cooperative farms shall extend the system of moving the poultry from place to place to feed on grass in the interest of making poultry raising more economical.

The requirements of concentrated feed and roughages in animal husbandry and animal produce must be guaranteed annually during the Second Five-Year Plan.

To this end, there should be an increase in fodder growing. The sowing area of feed must be increased from 497,000 to 568,000 acres, by 1960, as compared to 1955; the area of roughages should be increased by 85,200 to 99,400 acres. In addition the area of second sowing should be increased by about 40 per cent during five years. The total output of feed should be about 100,000,000 to 104,000,000 cwt., as opposed to 80,000,000 cwt. in 1955. The lucerne crop should be raised — by increasing the sowing area by about 40 per cent — from 15,600,000 cwt. in 1955, to approximately 26,000,000 cwt. in 1960. Ensilage should be developed further: at least 317,790,000 cubic feet of silage should be prepared, in 1960, as compared to the 151,833,000 cubic feet in 1955. The nutritive value of fodder must be increased by the use of antibiotics and protein substitutes produced by industry, as well as by making use of mixed seed.

Consideration must be given to utilizing gradually industrial products for technical purposes instead of animal and vegetable produce which is suitable for fodder. A firm fodder basis must be built up by these means — as well as other broad measures, including the reduction of losses occurred in harvesting and storing, and importing protein-rich fodder, — for increasing the production of animal produce, and attempts should be made to establish fodder reserves.

The yield of fisheries must be more than doubled during the Second Five-Year Plan. The production of honey should rise one and a half times by developing agriculture. Epidemics of animal diseases must be prevented by continuing the excellent results attained in veterinary medicine. Brucellosis and tuberculosis must be eliminated more rapidly by taking precautionary measures, and organized prevention.

3. More modern machinery must be supplied to agriculture during the Second Five-Year Plan than under the period of the First Five-Year Plan to meet the targets in crop production and animal husbandry.

Three basic engine types must be produced for agriculture: heavy caterpillar tractors, all-purpose tractors and self-propelled combines. The weight of the engines should be reduced by improving production technology, and making greater use of light metals and plastics. Agriculture engines and machines should be equipped to an increased extent with rubber-tyres and safety devices. There should be instituted a spare part repair service for domestic Diesel engines.

About 4,000 million forints must be spent for acquiring farm equipment, as compared with 2,300 million forints expended during the First Five-Year Plan. Certain labour processes in crop production — especially of grains — should be fully mechanized on the state and cooperative farms. The mechanized cultivation and harvesting of hoed plants — especially of maize — and of roughages should be promoted on a large scale. About 19,000 tractors should be added to the tractor stock during five years (converted into 15 HP units). The arable land per tractor unit should thereby be reduced from 574 acres to 327 acres.

The ratio of all-purpose tractors with about 25-30 types of portable and semi-portable machinery should be increased from 21 to 43 per cent for the mechanization of 95 per cent of the cultivation on the state farms, and 65 per cent at the cooperative farms.

We must mechanize 95 per cent of cereal harvesting on the state farms, and 70 per cent on the cooperative farms. Agriculture must be supplied with more than 3,800 combines, over 1,400 grain binders, more than 6,000

maize and ensilage harvesters, about 1,500 sugar beet harvesters, and a large number of machines for planting and harvesting potatoes.

The distribution of fertilizer should be mechanized to a far greater extent, and a solution must be found for the spreading of manure.

Agriculture must be supplied with 4,500 fertilizer distributors during the Second Five-Year Plan. Greater use must be made of electric power in agriculture. Every state farm and machine station must be hooked up with the national grid during the Second Five-Year Plan.

The labour processes connected with animal husbandry must be mechanized and electrified to a growing extent, primarily the handling of fodder, transport and watering.

A start should be made on the way of mechanizing horticulture and viticulture, primarily through mechanizing cultivation and plant disease and pest control on the big farms. To this end we must supply special garden tractors, machines, and winches, as well as dusters, sprayers, grading and packaging machines.

Consideration must be given the building of sheds on the state farms and at the machine stations to protect the heavier machine stock as much as possible.

4. The machine stations must be further developed during the Second Five-Year Plan. They should be supplied with more equipment; about 100 new repair shops should be built at the machine stations. Approximately 3,500 million forints should be spent on the machine stations during five years.

The machine stations should perform more work of a versatile nature aimed at strengthening the cooperative farms economically, and improving their business organization. Their activity should gradually be extended to the development of the cooperative farms' animal husbandry as well. They should help the cooperative farms in their building by mechanizing certain operations, and by doing fitting jobs requiring higher skill.

The machine stations should, by 1960, increase the amount of mechanical labour performed for individual farmers by 70 per cent per acre, as compared with 1955. Apart from the cultivating work, they should offer their assistance to the individual peasants in transport, ensilage, and flour milling, as well as in cultivation.

The machinery must be exploited to a greater extent. Work done by tractor per shift should be increased by 10-12 per cent. Adequate conditions of work should be guaranteed the working people in order to establish, in short order, a permanent staff of workers, thus ending the drifting from place to place of the tractor drivers.

5. In developing the existing cooperative farms the aim should be to strengthen collective farming, improve business organization and to raise the yields rapidly. The aim shall be, in establishing new cooperative farms, the setting up of farms capable of rapid, sound development.

While emphasizing the advantages of the most advanced type of cooperatives, the peasants must be given the possibility of forming — without any strings attached — the lower type of cooperative groups; the cooperative groups must be given greater support, and assisted in gradually developing along the path of collective farming. The farmers' cooperative movement must be supported, and as part of it, the activity of primary producers associations and groups, which are schools acquainting the individual farmers with co-operation, collective labour and the advantages of cooperation. The principle of voluntary membership must be observed strictly in developing the cooperative farm movement.

During the Second Five-Year Plan, those cooperative farms, which were established several years ago, should become exemplary, large-scale socialist farms, and their production level should outstrip that of the individual farmers from year to year. At the same time, support should be proffered the newly-formed cooperative farms in overcoming the initial difficulties and in establishing their farms on a solid foundation so that their yields shall, in short order, outstrip the average yields of the individual farmers.

The cooperative farms should be allocated about 4,100 million forints in investments, — 3,000 million forints of it for building — during five years.

During five years, the cooperative farms should build space for about 190,000 cattle and silos with a capacity of from 1,300,000 to 2,600,000 cubic yards.

To implement these investments, the cooperative farms must be granted long-term loans totalling 2,600 million forints during the Second Five-Year Plan. In addition, it is necessary that the cooperative farms do more building out of their own resources.

We must promote the building of iron and frame constructions, as well as many schemes for cheap local solutions. The material supply of the cooperative farms must be considerably simplified. Credits should be granted and the necessary equipment should be sold to encourage the farms to establish factories either singly or collectively, producing building materials (bricks, tiles, lime, stone, reed), and to set up their own building workers' teams.

It must be made possible for the cooperative farms to buy machinery necessary for animal

husbandry or transport, lorries and rubber-tired all-purpose tractors, with trailers.

The quantity of fertilizers used on the cooperative farms — expressed in utilizable substances — should be increased from the 15 lbs., in 1955, to 31 lbs. in 1956.

The development of cooperative farm production makes it indispensable to enforce cooperative democracy in every sphere; the owners of the cooperative, the members, shall themselves decide matters pertaining to the cooperative, and draw up their own rules — taking into consideration the model rules.

Collective animal husbandry, together with large-scale stabling must be developed at a rapid pace on the cooperative farms; the quality of the livestock should be improved considerably as well. In the interest of the simultaneous development of the cooperative farm movement and of animal husbandry, it should be made possible in the future for working peasants joining the collective farm to bring their livestock exceeding the number set for household plots into the cooperative at a rate in line with the possibilities for caring for the animals and the building up of a fodder basis.

The counter-value of the cows, heifers and sows brought by the members into the cooperative farm may be paid immediately, in a lump sum, after deducting 20-25 per cent for the cooperative fund. Draught animals needed by the collective farm must be brought in together with the fodder at the time of establishing the collective farm. The unnecessary horse stock can be sold on the basis of the general meeting decision, by the members themselves in accordance with the rules.

Greater interest in increasing production must be developed among the members of the cooperative farms.

The members must be given the possibility of marketing their produce — after fulfilling delivery quotas — under more advantageous conditions (favourable production contracts, commissioned sale of goods through the farmers' cooperatives, on the open market and direct to the state retail shops, to factories, hospitals and institutions) and thus increase their income. The transport restrictions and other constraints, hampering this at present, must be removed. State aid must be given to the cooperative farms encouraging them to set up their own factories, processing produce of local importance (dairy, wine-bottling, brandy distillery, broom-making, fruit and vegetable drying, canning, reed-planking, etc.) as well as marketing these products on the open market. The cooperative farms must be supported in setting up factories of this nature by their collective efforts.

Cooperative members should receive in the form of monthly advance-payment a regular

cash income during the year, primarily through increasing the cash receipts of the cooperative farms, and partly through the granting of state credits.

A system of old age pensions for disabled and aged members of the cooperative farms should be set up from the material assets of the cooperatives.

6. In the course of implementing the Second Five-Year Plan, the major task for the state farms should be to develop production considerably, and to make it more economical.

About 2,700 million forints should be invested during five years for the development of the state farms. The quantity of fertilizer used on each acre of the arable land should be increased from 30 lbs. in 1955 to 70 lbs. in 1960 — expressed in utilizable substances.

The yields of the state farms' crop production and animal husbandry, as well as the ratio of commodity production should considerably surpass the national average. The state farms should increase their commodity production, by the end of the Second Five-Year Plan, as follows; cereals, by approximately 30 per cent; sugar beet, 45 per cent; meat animals, 70 per cent; milk, 80 per cent; wool, 100 per cent; wine, 70 per cent. The deficit of state farming should be liquidated by the end of the Second Five-Year Plan, primarily by increasing labour productivity and reducing production costs.

7. The individual farmers should increase their production also, so that the planned rise in agricultural production may be attained. Therefore, the material conditions must be guaranteed them, with the aid of which they will be able to exploit the existing production possibilities.

The individual farmers should receive bigger supplies of fertilizers and insecticides: in 1960 the individual farms should be using four times the amount of fertilizers per acre of cultivated land, as compared with 1955. They must be given the opportunity of obtaining means and materials of production. They should be supplied with more selected seed and brood animals, as well as with saplings and vines. The contract system which is advantageous for the working peasants must be developed, in both crop production and animal husbandry; the contractual fattening of pigs must be increased by about 40 per cent. About 70 per cent more baby chicks must be sold to individual farmers, in 1960, as compared with 1955.

8. Commodity production per 142 acres must be increased considerably in each sector of agriculture by raising the yields of crop production and animal husbandry. By 1960 the quantity of agricultural produce collected for the central stocks should exceed, by 30-

35 per cent, the amount collected in 1955; this target must be attained by the fulfilment of delivery obligations, contractual crop production and animal husbandry, as well as by state purchases. The increase in the quantity of produce collected by the state must be reached mainly by purchases on the open market and contractual production, while giving the peasantry the possibility of selling their produce on the open market.

The activity of the farmers' cooperatives must be extended, on the one hand, to purchasing the produce of the peasants and marketing it on a commission basis, and, on the other hand, by doing more to supply agriculture with farm implements and with material necessary for production and for building.

The sale of meat must be organized in the villages, and the slaughtering of animals must be decentralized.

9. Consideration must be given the question of improving the output and quality of farm produce suitable for export. We must increase the export of traditional Hungarian export products with a world reputation, bearing in mind the need to make export more economical. The material interest of the state farms, cooperative farms and individual farmers in producing for export must be increased.

There should be a gradual shift to the system of contractual production extending over a number of years. The capacity of granaries and warehouses must be enlarged in connection with the rise planned in crop production, and the expansion of the fodder basis, — with special regard to the large-scale increase in commodity production — and in the interest of safeguarding the quality of agriculture produce.

The capacity of drying and cleaning equipment must be increased.

10. Forestry must first of all promote a better timber supply for the country. The basis for constantly increasing the timber which can be cut must be guaranteed primarily by reforestation of the cut-over areas and by improving — according to plan — the composition and quality of the timber.

The exploitation of timber must be increased from 110,308,440 cubic feet, in 1955, to 116,523,000 cubic feet by 1960; 38-40 per cent of all timber cut in the state forests must be timber for industrial purposes by that time. Steps must be taken to develop the forests intensively. The planned forestry management must be completed by the end of the Second Five-Year Plan.

Species of trees which grow rapidly must be planted near rivers and along the channels with the objective of rapidly increasing the standing timber — especially on the Great Plains. We must afforest 57,000 acres of

unproductive, barren sandy soil, and 17,200 to 21,000 acres of waste land and rain-washed land. Trees must be planted on 10 per cent of the pastures. Wholesome recreation and relaxation facilities should be established for the working people by planting trees on a large scale around the industrial areas and cities.

About 880,000 acres of land should be afforested between 1955 and 1960.

11. About 2,500 million forints must be invested from the investment funds, for developing and improving irrigation, flood control, drainage of surface water, river control, drainage of meadows and pastures, and for the treatment of industrial sewage. An additional 1,500 million forints must be appropriated for the same purpose from the renewal and maintenance funds.

Special attention must be paid to improving flood control, particularly defence against icy floods mainly along the river Danube.

About three times more the amount of money must be spent for flood control than during the First Five-Year Plan. Provision shall be made to put into service ice breakers adapted to domestic conditions. Cooperation in flood control with the neighbouring Danubian countries must be strengthened, for the overhauling, modernization and extension of ditches, for the drainage of surface water, the drainage of waterlogged land, and for the regulation of small streams.

IV. Transport and Telecommunications

The transport system should be developed and modernized on a large scale in order to ensure the smooth handling of the rapidly growing goods transport, and of a better, more comfortable and speedier passenger service. Investments totalling more than 10,000 million forints will be allocated for the development of transport during the Second Five-Year Plan. Considerable material means must be concentrated on the modernization and renovation of the railway lines and the rolling stock and on supplying modern vehicles. The ratio of goods carried by lorries and ships must be raised from 16.4 per cent, in 1955 to over 20 per cent, in 1960, so as to make it more economical and to relieve the load on railway freight. Attention must be paid to reducing the average distance of goods transport and transport costs. We must develop air transport.

1. The performance of railway transport in goods-kilometres shall be increased by about 25 per cent, in 1960, as compared with 1955.

The carrying capacity of the railway lines between the most important industrial centres must be expanded, especially in the area of major industrial centres and on the main

Expenditures nine times as high as during the First Five-Year Plan must be allocated for investment, renewal and maintenance. Volunteer efforts should be used to a greater extent in draining surface water and in water regulation.

12. Methods of agricultural production, best suited to the conditions of certain regions and farms, should be adopted. The farms must be given a greater possibility to develop the plant and animal species which thrive best under their special conditions.

The directing bodies of agriculture should pay increased attention to solving the problems of management, organization and farming of the large-scale socialist farms. The bureaucratic issuing of orders should be done away with in the direction of agriculture and local initiative should be developed to a greater extent.

Greater social recognition must be accorded the agricultural workers, agricultural labour, skill and physical labour, and the agricultural leaders must earn material and moral respect in the first place on the strength of their performance in production. The training of a sufficient number of skilled personnel (cowherds, shepherds, gardeners, blacksmiths, cartwrights, etc.) must be guaranteed during the Second Five-Year Plan. Systematic apprentice training should be introduced in some branches of agriculture in the interest of providing adequate vocational training.

lines. During the Second Five-Year Plan, the Budapest—Újszász—Szolnok—Debrecen, and the Budapest—Székesfehérvár line must be converted into a two track line along the entire permanent way, by laying a second track 106 miles long.

Within five years the railway stations of Győr, Hatvan, Debrecen, Szolnok, Miskolc and Záhony will be rebuilt either entirely or in part, as well as a number of stations of lesser importance. Up-to-date installations and equipment must be used in the building of the stations, and the requirements of the passengers shall be given full consideration.

The length of the station shunt-lines must be extended primarily on the main railway lines, so that their ratio to the total length of the railway lines shall increase from the present 38 per cent to 42 per cent in 1960. Industrial railway lines of about 337 miles in length must be laid, linking the large industrial plants with the railway system.

About 725 miles of railway lines must be equipped with automatic safety devices during the Second Five-Year Plan, in order to increase the carrying capacity of the railway lines, and traffic safety. We must extend the length

of railway tracks suitable for withstanding 22 tons of axial pressure; this will make it possible to use waggons carrying bigger loads, and more powerful locomotives, as well as to increase the speed of the trains. During five years a total of 1,500 miles of track must be renewed, 1,000 miles of which will be able to carry 22 tons axial pressure.

About 300 Diesel engines and 30 electric locomotives must be put into operation during five years to modernize railway traffic and make it more economical. The ratio of Diesel and electric locomotives on the railways must be increased from the 12 per cent, in 1955, to 25 per cent in 1960. In 1960, more than 50 per cent of shunting shall be done by Diesel engines. During the Second Five-Year Plan the electrification of the Budapest—Szolnok line must be started, and the electrification of the Budapest—Hatvan line must be completed.

In addition to the Diesel electric locomotives, 120 modern, high power steam engines must be put into service to replace the old equipment.

During the five years, about 11,000 freight cars with a high load capacity and small tare weight must be ensured for railway transport. The number of four-axle railway tankers, of self-unloading coal and ore cars, as well as of refrigerator cars must be considerably increased.

About 1,000 up-to-date four-axle passenger coaches must be supplied to the railways. The travelling speed must be raised. Fifty new sleeping and dining coaches must be put into operation for long distance domestic and international passenger service. By the end of the Five-Year Plan, only passenger coaches shall be used for the transport of passengers.

Motorcoaches, improving direct service and ensuring speedy passenger transport, must be put into operation between Budapest and the main provincial towns, as well as between the larger towns and the more important health resorts. During five years, 30 five-axle Diesel motorcoaches shall be supplied to the railways. In order to improve the traffic on the outskirts of Budapest, 30 four-axle electric motorcoaches must be put into operation.

The repair and parking of the new types of vehicles and the rolling stock make it necessary to modernize the repair shops and motorsheds, so that they shall be able to repair Diesel and electric engines as well as motorcoaches.

The turning time of the freight cars should be reduced to a yearly average of 3.8 days, the average load carried by goods trains should be raised to 740 tons, and the average useful load of railway cars to 16 tons in order to make more economical use of the railway cars.

The transport of goods in shipping contain-

ers and in bulk must be expanded as a means of speeding up freight haulage and reducing costs. Mechanization of loading and unloading must be continued at a more rapid rate.

2. It is planned to increase the volume of river-borne freight by 46 per cent in five years. For this purpose, 15 motor tug boats and 50 barges of 1,000 tons each must be put into service. The performance in goods tons-kilometres for one day of operation shall be increased by about 24 per cent by increasing the speed of goods transport and by reducing idle time.

Danube-sea-shipping must be greatly developed, and the volume of freight raised by about 220 per cent, and linked up to a greater extent with international traffic, mainly of the Near and Middle East. Eight Danube sea-going ships will be supplied for transport during five years.

Excursion traffic on the Danube and on Lake Balaton will be expanded by putting eight new passenger boats into service.

3. Road-borne freight traffic is to increase by about 62 per cent. About 17,000 new lorries must be supplied for lorry transport in five years. The traffic handled by the central enterprise for lorry transport must be raised especially. Accordingly, their volume of goods transport must be increased by about 130 per cent.

Better use should be made of the motor stock. The central enterprises for lorry transport must increase their carrying capacity by about 12 to 15 per cent. Greater use must be made of trailers, and the supply of spare parts for the motorcar stock must be improved.

In five years 1,100 long distance buses will be put into service, thereby increasing the rolling stock of long distance bus transport and improving its technical conditions. These measures will make it possible to expand the bus schedule, and to link up more villages with the transport system.

It is planned to expand the network of parking places and repair shops for ensuring the smooth running and maintenance of the motorcars. A suitable parking place and repair shop shall be provided in every larger provincial town and industrial centre.

The development of road transport will make greater demands on the motor roads. Accordingly, certain sections of the main roads with a heavy traffic in our industrial regions must be reconstructed to make hard-surface roads.

Dust-free, hard-surface roads must be built between Hatvan and Salgótarján, Budapest and Tatabánya, and Miskolc and Ózd.

More villages must be linked up with the State roads. About 1,100 miles of highways will be modernized as dust-free, hard-surface roads.

4. During the Five-Year Plan transport piping will be considerably expanded. About 440 miles of pipe-line should be built. Pipe-lines

will be built between Nagylengyel and Szőny, Lovászi and Pét, as well as between the Rumanian border and Tiszapalkonya.

5. The further development of the telephone network is one of the important tasks set for the Second Five-Year Plan of telecommunications. About 30 per cent more telephones shall be supplied to the population. The capacity of the telephone exchanges shall be increased by 36 per cent in Budapest, and 27 per cent in the provincial towns and villages. We must continue to link up the cooperative farms, State farms, forestries and machine stations with the telephone network. Trunk call connections shall be mechanized to improve long distance telephone service. The international telephone serv-

ice must be further expanded. Out-of-date post office buildings must be modernized.

The introduction of up-to-date telecommunication methods is another important task. In 1957, a 30 kW TV station must be put into operation to service Budapest and a radius of 38 miles, and, in 1958, a 5 kW TV station servicing Miskolc and a radius of 16 miles. Hungary should join the international TV network. Preparations must be made for the introduction of coloured television. An ultra shortwave radio broadcasting network must be established. As the initial step in establishing a national radio telephone network the transmission equipment must be built in about one-third of the country during the Second Five-Year Plan.

V. Investments and Renewals

During the Second Five-Year Plan the investments must be concentrated on discovering and expanding the domestic raw material and power resources of industry, raising the technical level, laying the material basis for increased production in and the socialist transformation of agriculture, as well as on housing. A considerable part of the investments must be allocated for the renovation and expansion of the existing projects, primarily for the modernization and increase of the machine stock, instead of building new projects. When using the investments, the results of the cooperation between the socialist camp shall be taken into consideration and, on the basis of this, the investments must be directed first of all to those branches of production which, owing to the natural endowments of the country, have the greatest possibility for development.

1. In the years between 1956 and 1960, 76-78,000 million forints will be invested in the national economy from State resources and a further 2,000 million forints from other resources, or 15 per cent more than the investments of the First Five-Year Plan.

Investments should be divided up in such a way that about 27-29,000 million forints of the 32-34,000 million forints to be invested in industry will be allocated to heavy industry. Thus the share of heavy industry in the total investments shall be reduced from the 41.3 per cent, allocated by the First Five-Year Plan, to about 37-38 per cent. At the same time, the investments to be allocated for the production of industrial raw and primary materials, as well as for power output, shall increase considerably more than the average — by more than 30 per cent. During the Second Five-Year Plan, investments for the chemical industry shall be about double the investments carried out during the First Five-Year Plan; investments for the electric power industry will be about one and a half times higher than in the First Five-

Year Plan, and investments for mining about 30 per cent more. Investments in metallurgy and the engineering industry, however, shall be reduced. More than 4,600 million forints must be invested in the light and food industries, a sum nearly 130 per cent higher than the investments for the First Five-Year Plan.

In order to lay the foundations for the tasks confronting agriculture, investments going to agriculture will be considerably raised under the Second Five-Year Plan. The share of agriculture in the total investments will, therefore, go up from 13.6 per cent in the First Five-Year Plan to about 17 per cent. During the Second Five-Year Plan, the cooperative farms should receive about three times more from the 14,000 million forints to be invested in agriculture than was allocated by the First Five-Year Plan. The investments allocated for the cooperative farms should be used primarily to develop animal husbandry.

During the Second Five-Year Plan, 5,300 million forints of the over 10,000 millions to be devoted to the modernization of transport and to raising its capacity shall be used for the development of the railways; this sum is about one and a half times more than the funds spent during the First Five-Year Plan.

At least 1,500 million forints will be invested in five years for the development of trade, the catering trade, the collection of produce and storage. At least 660 million forints of this amount should be used for the building of warehouses, in order to liquidate gradually the shortage of warehouses which causes great losses to the economy. By this means the capacity of commercial warehouses should be increased by about 20 per cent as compared to the 11 per cent development during the First Five-Year Plan.

In addition, at least 1,000 million forints should be allocated for the further expansion of storing facilities both in agriculture and in other spheres.

More than 13,000 million forints will be invested for housing, the improvement of water and gas supply, and for health and cultural establishments during the Second Five-Year Plan; this is about 30 per cent more than had been invested in the First Five-Year Plan.

Investments for scientific research should be raised considerably.

About 370 million forints shall be spent on developing the institutes of the Hungarian Academy of Sciences — including atomic research — or three and a half times more than under the First Five-Year Plan. This figure does not include the funds allocated for industrial, agricultural and university research.

2. Extended reproduction must be implemented in the most economical way possible during the Second Five-Year Plan. For this reason, a considerable part of the increased production should be attained not by new investments but by making better use of the existing equipment, by modernizing the machine stock, and by the better organization of work. In this way, roughly the following percentage increase of production planned for the five years should be ensured by the more profitable exploitation of the existing equipment and without greater investments: pig iron, 50 per cent; Martin-steel, 30 per cent; alumina, 40 per cent; aluminium, 50 per cent; bricks, 75 per cent; combines, 70 per cent; machine tools, 80 per cent; woollen goods, 90 per cent; knitwear, 40 per cent; sugar, 70 per cent.

3. In order to increase the efficacy of the investments and to raise the technical level, a greater part of the investments will, from 1956 to 1960, be allocated for machinery, namely 30-32 per cent as compared with 21 per cent during the First Five-Year Plan. During the Second Five-Year Plan, 24-25,000 million forints should be spent on investments for machinery, or 75 per cent more than during the First Five-Year Plan.

4. There should be a turn in the economical utilization of the means available for investments. The investment funds should be used for the major aims in every sphere, avoiding the implementation of projects which are not absolutely necessary. The investments should be implemented with consideration for the most up-to-date technique which can be applied under the conditions of the country, and in such a way that maximum economic results should be attained with the smallest outlay. For this reason investments should be approved on the basis of careful economic calculations, and the preparations for the investments should be greatly improved.

Considerable savings should be achieved in the cost of investments, including building costs. Housing costs will be reduced, on an average, by 15-20 per cent in five years. Stand-

ard designs should be widely used. Standard parts and economical construction methods will be used, and all outsize designing and squandering will be ended. The expenses of designing will have to be considerably reduced, first of all by extensively applying standard designs.

The economic and technical planning of investments should be simplified. Plans for projects will have to be drafted in good time. The building time should be shortened considerably and, in this way, as well, the number of incomplete investments shall be reduced. The time required for the building of various types of constructions should be worked out, as well as the norms which determine the costs, and they must be strictly adhered to.

The people working on the investments, the technical staff and those charged with carrying out the investments should be made financially interested as well in the planned and economic implementation of the investments, and in maintaining the time schedule.

The enterprises should be given the possibility of allocating a greater part of their surplus income to the development of the equipment as well as the social and cultural institutions.

5. The investments of the Second Five-Year Plan will lay down the prerequisites for continued economic development in the third five-year plan. The basis will have to be laid for the continued rise, after 1960, in the output of coal, oil and natural gas by the planned expansion of geological research. The beginning of the construction of new power plants should make it possible steadily to put into operation in the forthcoming years electric power installations. The ground work should be initiated for the large-scale exploitation of the water of the Danube and Tisza Rivers. During the third five-year plan, atomic energy shall be harnessed for development, and the preconditions shall be established for the continued large-scale development of the chemical industry. All these measures will lay the foundations for the continued rise in living standards. The directives for the location of the new projects of the third five-year plan must be elaborated.

6. The fixed funds of the economy should be conserved and maintained with far greater care. The Second Five-Year Plan will, therefore, allocate for renewals 30,000 million forints — three times more than under the First Five-Year Plan.

A fixed percentage of the funds allocated for renewals should be allocated for the exchange of worn out machinery by new machines.

The following amounts should be allocated for renewals in the various industries: heavy industry, about 10,000 million forints; light and food industries, about 3,000 million forints; agriculture, nearly 2,000 million forints; and

transport, about 6,500 million forints. About 4,000 million forints will be spent on renovating public services and cultural establishments,

the water pipes, gas-pipe line and sewage system, and road maintenance, in addition to the funds allocated for the renovation of flats.

VI. Living Standards, Culture and Science

During the Second Five-Year Plan period we will ensure a systematic rise in the income of factory and office employees, as well as of the peasantry, the substantial improvement of health services, and the improvement of the population's cultural standards. This should be attained through a boost in industrial and agricultural production, higher labour productivity and lower production costs.

1. By raising wages and cutting retail prices the real wages per gainfully employed factory or office employee will go up, on the average, by at least 25 per cent during the Second Five-Year Plan.

By means of developing our wage system, substantial progress should be made in doing away with the wage differentials which still exist. Workers engaged on jobs requiring higher qualifications and involving greater responsibility, should be given a higher-than-average raise, ensuring, thereby, increased material appreciation for workers and intellectuals with higher skill. The wages of workers doing heavy physical labour or work detrimental to health will also be increased.

2. The number of factory and office employees in State enterprises and institutions will be increased by about 250,000, from 1955 to 1960. We shall see to it that the number of workers engaged directly in production will go up to a larger extent than that of workers in non-productive occupations.

3. Introduction of the 7 hour day and the 42 hour-week will be gradually begun during the Second Five-Year Plan, and completed in the course of the third five-year plan.

Working hours should first of all be reduced on arduous jobs, underground work, and in occupations hazardous to the health; and the 46 hour week will be introduced during the Second Five-Year Plan.

4. Family allowances for large families will also be increased.

5. The income of the peasants in cash and in produce should be increased by approximately 25 per cent. Upholding the advantages of large-scale cooperative farming, the income of the cooperative farmers should increase at a faster rate than that of the individual peasants.

6. The living and working conditions of women — primarily of working mothers — will be improved considerably. In the interest of improved mother and child care, the maternity leave is to be extended from the present 12, to 14 weeks. If a child becomes ill the mother shall be guaranteed sickness benefits, for

a definite period of time, until the child is 3 years old.

Within 5 years, the capacity of creches will be increased by 27 per cent, and the system of nurseries and child day-care centres in the school shall be expanded.

In order to lighten the burden of working women, boarding schools, 6-day creches and nurseries should be set up.

Far-reaching measures will be taken to lighten the women's household work. Much more canned foods, and prepared foodstuffs should be put on the market. The system of placing orders in advance, and the home delivery service are to be greatly expanded. The chain of laundries and dry cleaners should be extended, while improving these services. The sale of up-to-date household appliances will be expanded manifold: during five years 410,000 washing machines, 130,000 vacuum cleaners, 63,000 electric floor brushes and 87,000 fridges will be marketed.

7. The volume of retail trade transacted by the state stores and for the farmers' cooperatives is scheduled to rise by over 35 per cent within five years.

Sales of foodstuffs are to go up 29 per cent, while the overall turnover of catering establishments and canteens should be increased by 35 per cent. Foodstuffs rich in protein must constitute a greater proportion of the food consumption. By 1960, the population will be supplied with more staples: about 50 per cent more meat and meat products; 35 per cent more lard and lard bacon; 55 per cent more edible oil and margarine; at least 19 per cent more sugar; 30 per cent more milk and butter; and 40 per cent more eggs. We will market 25 per cent more beer, and about 75 per cent more wine. More employees will be serviced by the canteens. Great attention must be paid to raising the quality and the standard of service of canteen meals, making it possible for the workers to choose from among several good-quality dishes, as in restaurants.

From 1955 to 1960, the volume of trade in consumer goods should go up by over 40 per cent, rising more rapidly than the average increase in the volume of trade in general. The supply of goods to the population will rise, in 1960, as follows, above the 1955 level: ready-made clothing, 40 per cent; cotton cloth, about 50 per cent; woollen material, 35 per cent; clothing manufactured of synthetic fibres, about 20 times more; wool-like cloth made of synthetic fibres, twice as much; knitted goods, 50 per

cent; and leather shoes, 35 per cent. Parallel with increasing the sales volume of ready-made clothing, a much larger assortment will be assured in sizes and models.

Considerably larger amounts of high-quality hosiery, underwear and other clothing items, made of synthetic fibres, as well as shoes with microporous and crepe-rubber soles are to be put on the market.

The volume of modern technical supplies and electric appliances designed to meet the cultural requirements of the population, should be increased as well. During the five years, 1,400,000 radios, and about 100,000 television sets are to be sold. We should market in 1960, six times as many 125 cc, and 2 1/2 times as many 250 cc motorcycles, and 75 per cent more bicycles than in 1955.

The sales volume of synthetic detergents must be multiplied. By 1960, detergents more efficient than soap should be sold in a quantity equivalent to 10,000 tons of washing soap. In 1960, at least 65 per cent more building materials will be supplied to the population than in 1955, including at least 70 per cent more bricks; 65 per cent more tiles; 80 per cent more lime; and 140 per cent more cement. Sales of prefabricated parts, as a substitute for wood, should be multiplied, while retail trade sales of furniture are to increase by 35 per cent during five years.

The standards of trade should be raised, service improved, the self-service system expanded, and turnover costs reduced. For this purpose, trade will be provided with up-to-date technical equipment to an increased extent.

To cope with the growing volume of trade 2,000 to 2,500 new shops and 900 new catering establishments are to be set up, during five years, to handle State and cooperative trade, particularly on housing estates now under construction, as well as in urban suburbs and villages.

Part of the wine shops should be turned into small restaurants. During the five years of the Plan the number of hotel rooms will be increased by at least 35 per cent — including twice the number of rooms suitable for foreign tourists — partly by turning back the former hotels being used for other purposes. These measures will promote the growth of mutual tourist traffic.

8. During the Second Five-Year Plan a total of about 200,000 flats will be built, or twice as many as during the First Five-Year Plan. Over 100,000 of these dwellings are to be built from State funds. The savings set aside by the workers for housing must be utilized, through the cooperative housing scheme, for the State housing programme. Over 2,000 million forints should be granted in long-term credits on favourable terms, primarily to factory and office employees, intellectuals and cooperative farmers, as an encouragement to private building. Sup-

port should be given to the initiative of the population and local bodies for the output of local building materials. The construction of flats from State funds will be concentrated primarily in Budapest, in the mining communities, industrial centres and big provincial towns. About 30,000 new flats must be built for the mining employees from state resources on the basis of cooperative housing and by State aid to private building. In order to improve the housing situation the largest possible number of former flats, now being used for other purposes, must be turned back for living quarters.

Where it is deemed economical, office buildings should be constructed in order to make the flats available.

The existing flats should be repaired, paying increased attention to the proper upkeep and renovation of apartment houses. During the Second Five-Year Plan about 3,000 million forints will be spent on renovation and maintenance of State-owned flats, or nearly four times the sum allocated for this purpose during the First Five-Year Plan. Large supplies of building materials should be supplied for the repair of privately owned houses as well.

The drinking-water supply for the urban population will be further improved primarily through expanding and, in part, reconditioning the existing waterworks and by building, in certain areas, new waterworks. By building new public wells and small waterworks, 1,500,000 people will be supplied with pure drinking water in villages where no adequate supply has been available so far. Volunteer forces should be enlisted for these constructions to a considerable extent.

The consumption of gas in the homes should increase by about 40 per cent, with an additional 300,000 households being supplied with electricity. About 600 more villages will be supplied with electricity during this period.

Road and town traffic should be improved, chiefly by means of establishing new bus lines. To improve urban traffic 180 new, modern tramways, 165 trolley-buses and 400 buses should be put into service. It is traffic in Budapest which should first of all be improved to an appreciable extent.

9. Public health services shall be further improved, devoting particular attention to preventive medicine and to combatting epidemics intensively.

Mother and child care should be further developed as well. We must raise the standards of the public health services, and combat contagious diseases more effectively.

In order to realize these objectives, the hospitals and lying-in homes should be equipped with 8,500 additional beds, compared to 1955, including the building of seven new hospitals. The sanatoria scheme shall be expanded.

The number of medical districts should be increased by about 15 per cent, in keeping with the growth in the number of beneficiaries. Specialized medical services shall be gradually instituted in the medical districts of Budapest, and the larger provincial towns. Services in consulting centres and institutions will be further developed.

The consulting hours of medical specialists and in welfare centres shall be increased by about 25 per cent, through the establishment of new consultation centres and welfare centres, as well as through increasing the capacity of the existing ones. The system of public health and epidemiologic institutions is also to be expanded.

More vehicles should be made available to the public health institutions.

Within five years, the number of doctors should go up by about 2,300, so that, by 1960, there will be 15 doctors for every 10,000 inhabitants. The training and post-graduate training of specialists should be broadened. The public health staff shall be expanded, with a greater proportion of qualified doctor's assistants included.

In order to raise the level of public health services, greater attention should be paid to renovating and modernizing the public health institutions, improving their supply of medical instruments, and providing them with more linen, foodstuff and medicine.

Hungarian medical research work, which has great traditions, should be assisted. The results of medical science shall be applied extensively in preventive medicine and in medical treatment.

More sanitary living and working conditions should be guaranteed the population. We should develop industrial hygiene, labour safety and accident prevention.

During the Second Five-Year Plan over 1,000 million forints should be invested in occupational safety and health, as well as in factory health and social welfare establishments, or 1.5 times more than appropriated for these purposes during the First Five-Year Plan. The support of the community should be enlisted to ensure the stricter enforcement of the sanitary and public health regulations in the factories, shops, and public institutions.

Greater solicitude should be bestowed upon the aged and disabled workers. More welfare homes should be established for them and these services should be improved. The inequalities between the pensions paid under the old and new regulations should be eliminated by raising the pensions set by the old laws.

We should make it possible for the old pensioners who are working to switch over from the old to the new pension system.

Higher allowances should be granted the

disabled servicemen, and added job opportunities should be provided for persons who are partially disabled.

Accommodations in holiday resorts should be increased by about 10 per cent, partly through building new resort hotels, and partly through expanding the existing ones. In addition, the capacity of children's holiday resorts should be expanded by over 40 per cent.

Great importance should be attached to the large-scale development of sports. During the Second Five-Year Plan, a new indoor swimming pool will be built in Budapest, and the training camp at Tata, promoting the development of competitive sports, should be enlarged. In order to promote mass sports in the countryside, construction of five stadia must be completed, and a considerable number of smaller sports grounds established, partly from State resources, and partly through volunteer efforts.

10. The great economic programme of the Second Five-Year Plan requires the continued improvement of the people's general cultural standards, and the development of the general school system affording a basic education. During the Second Five-Year Plan, 4,500 primary school classrooms should be built.

For the most part, these classrooms will be built from State funds, with a smaller part by volunteer efforts; additional classrooms will be secured by turning back the former school buildings now being used for other purposes, and by utilizing buildings and premises made available due to the simplification of the State apparatus.

In establishing new primary schools, the requirements of socialist development in the countryside must be taken into account, and we must gradually do away with one-room primary schools as well as with those partly divided into classes.

In the interest of raising the general cultural standard we must increase gradually, year by year, secondary school enrolment. The enrolment of first year students in the technical secondary schools should be raised by about 35 per cent. The primary and secondary schools should be supplied with more educational appliances.

A great deal of attention should be devoted to the entire socialist education of the youth, to training for practical work, and on investing the young people with a liking for manual labour. For this purpose, a new curricula, and new textbooks should be introduced in the primary and secondary schools. The elements of polytechnical education should be included in the curricula. Instruction in technical secondary schools should be made more practical, bringing it closer to productive work in industry and agriculture.

Due attention shall be paid to giving students a good general education in addition to professional training.

During the Second Five-Year Plan, we shall introduce a new system of training nursery school teachers and general school teachers.

Increased attention should be devoted to developing a love of beauty in the students, and an aesthetic education in primary and secondary schools.

The opportunity for further study or employment should be ensured for graduates of primary and secondary schools.

11. The academic standards of universities and colleges should be raised to a considerable extent, while broadening practical training. The institutions of higher education should be supplied with more educational appliances, as well as laboratory and research equipment.

If the national economy is to cope with the tasks, the higher educational institutions — particularly the technical universities — should assist in developing the technical level and modern technique, as well as in elaborating and introducing up-to-date technical processes, while constantly raising academic standards.

A 10-year plan to provide the national economy with the required specialists should be drafted, and the enrolment targets of the universities and colleges should be based on the plan.

There should be more first-year university and college students.

More than 250,000,000 forints should be invested for the universities and colleges during the Second Five-Year Plan. These funds will be used to develop the Mátyás Rákosi University of Technology for Heavy Industry, the Budapest Technical University, the Technical University of the Building Industry and Communications, the Veszprém Chemical University, and other institutes of higher education.

Scientific research in the universities must be promoted while raising the academic standard. The universities and colleges shall benefit to a greater extent from international scientific cooperation and exchange, the supply of foreign books and periodicals, and the speedy elimination of the neglectful state of the university libraries. University and college instructors shall be given a greater opportunity to travel abroad on study trips.

Instruction outside of working hours should be expanded in order to raise the qualifications of workers who have no secondary-school or college education.

The student hostels should be made into real homes for the students, substantially improving the conditions for the training and education of the youth.

12. We should raise the cultural standards

of the people, by an upturn in literature and the arts, by developing initiative in cultural activity, and the propagation of knowledge, based on uniform guiding principles. Another important task is to provide more cultural activities for the industrial centres, and for the villages and scattered farms which have no cultural institutions.

Two new film studios must be built to develop film production and the technical equipment of the existing studios should be modernized. In addition a new film laboratory should be established.

The chain of cinemas should be extended through the establishment of 240 new cinemas for 16 mm and normal-sized film projection, while increasing mobile cinemas, through the purchase of 40 new automobiles.

During the Second Five-Year Plan, we intend to commence the projection of cinemascope films.

During the plan period the number of provincial theatres will be increased and the existing theatre buildings modernized.

Library work must be substantially improved, and their stock must be replenished. The books published should be printed in more copies.

The amount of paper allotted for the printing of books, newspapers and periodicals must be raised by 25 to 30 per cent, and the printing shops should be modernized.

The *Redoute* should be partially restored, with the building within it of a large-capacity concert hall.

Particular attention should be paid to developing music in the provinces. Young people should be given a better musical education, and more music schools should be established.

During the plan period, the House of Technique should be inaugurated.

The introduction of television offers a highly important instrument for cultural development. Radio broadcasts will be improved, and we should introduce FM programmes. By the end of the plan period, the overwhelming majority of families should own a radio set.

Public buildings and museums which are in a state of disrepair should be renovated to a greater extent. The Buda Castle should be restored so that it will house, during the second and third five-year plans, scientific and cultural institutions.

We must develop the international exchange of our cultural assets, and expand our cultural relations in general.

13. State budgetary expenditures for social and cultural purposes should be increased in accord with the tasks of development, by about 30 per cent during five years.

14. The large-scale development of science should be promoted in every field, with special

emphasis on natural sciences as well as on technical and agricultural sciences. Attention should be paid in both the social and natural sciences, to extending research to the fundamental theoretical problems, the solution of which is of paramount importance from the point of view of scientific progress, and of scientifically trained specialists. Theoretical research work at the institutes of the Hungarian Academy of Sciences and at the universities should be coordinated to a greater extent with research work at the industrial research institutes and in the factories. Scientific research work must be brought closer to practice.

Particular stress should be laid on developing atomic research. Research workers have tremendous possibilities due to Hungary's membership in the Joint Atomic Research Institute, as well as the first Hungarian atomic reactor to be established in 1957 with the assistance of the Soviet Union. The basis should be built, with the aid of the atomic reactor, of Hungarian atomic research, while assuring the domestic production of radioactive isotopes for technical, medical, agricultural and other purposes.

In the sphere of technical research, resources should be concentrated, first of all, in those areas which are most important from the point of view of industry and agriculture, and most suited to our possibilities. These are: the problems of the structure of materials and the physics of metals; the further development of telecommunications and vacuum technique;

modern methods of material testing; up-to-date high-pressure and catalytic chemical processes; and research for new organic chemical materials.

In the sphere of the development of agricultural sciences, major attention should be devoted to the elaboration of new technical and biological methods for increasing soil fertility and raising yields in livestock-breeding; to the selection of new seeds giving higher yields; the establishment of new types of machines on a modern technical level; and to the solution of the organizational problems of large farms.

Political economy should be developed so as to render effective aid in the solution of the major problems of the economy; to the elaboration of correct methods of planning, and to the many-sided application of the principle of economical production.

International scientific cooperation and exchange should be increased, primarily with the countries of the socialist camp, but with other countries as well.

Scientific research and practical research work must be organized in accordance with yearly plans based on long-range research programmes. Scientific results should be applied in practice to a much larger extent than before.

The development of science shall provide a firm basis for the implementation of the tasks of the Second Five-Year Plan, and for the scientific drafting of the third five-year plan.

VII. Developing Certain Regions of the Country

During the Second Five-Year Plan the productive forces should be developed in the various regions of the country, with consideration for the natural endowments and the economic conditions.

Industrialization of the industrially backward regions should be continued. The new industrial works should be located in such areas, and the existing works should be expanded in a way that will make it possible to eliminate uneconomical haulage, and to utilize local resources better.

The thermal springs, waste energy, as well as the water power of smaller rivers should be exploited locally.

The industrial works of the various areas shall meet local demands to a greater extent. Agricultural production should be developed in accordance with the climate, soil and the traditional crops of the various regions.

The public health and cultural conditions, and community services shall be improved in the larger provincial towns and industrial centres, in addition to the capital.

The new towns and industrial settlements

established during the First Five-Year Plan should be developed further, and health and cultural institutions should be provided for the villages, first of all for the cooperative villages.

The natural endowments of the country should be made greater use of in the interest of increasing domestic and foreign tourist traffic.

The councils should be made responsible for drafting the development plans of the councils. The councils shall be permitted to manage independently the means placed at their disposal for the implementation of the plans, so as to develop local initiative to a greater extent. The interest of the councils in management should be increased substantially. The sphere of authority of the councils should be widened by placing under the direction of the councils the economic units ensuring the satisfaction of local requirements. By means of the above and other measures, the councils shall become the actual leaders of economic activity in their area, effectively promoting the implementation of

the objectives concerning the development of certain regions as set forth by the Second Five-Year Plan.

1. During the period of the Second Five-Year Plan Budapest shall be developed so as to steadily improve the living conditions of the capital's population and provide the people with increased cultural facilities.

There shall not be a greater concentration of industrial production in the capital than at present. Industrial output in Budapest and the vicinity should be raised fundamentally by increasing productivity, mainly by the labour resources in the capital. In general, new industrial enterprises shall not be located in Budapest. At the same time, however, substantial funds should be allocated for the development of the existing factories and for the modernization of the machine stock in particular. Thus, among the other factories, the RM Works should be expanded by the building of a new tube drawing mill. The following factories should be enlarged and modernized: the Budapest power stations, the Mávag, the Csepel Car Factory, the United Incandescent Bulb Factory, the Hungarian Chemical Works, the Chinoïn Pharmaceutical and Chemical Products Factory, the Kőbánya Pharmaceutical Factory, and the United Pharmaceutical and Food-Preparations Factory, the Rubber Factory, the Csepel Paper Factory, the Kőbánya Brewery, and a number of factories belonging to the canned food, meat and sweets industries. A wood-fibre board factory will be put into operation at Budafok-Háros.

In order to improve the supply of fresh produce to the population, vegetable and fruit growing should be further developed in the areas of Budapest and the vicinity which are suitable for this purpose.

About 38,000 flats will be built in Budapest from State funds during the Second Five-Year Plan, in order to improve housing conditions. The aim shall be to build 60,000 flats in the capital during the period of the Plan, by supporting the private home building scheme. Modern and attractive housing estates should be built. A larger sum must be allocated for the renovation and maintenance of dwelling houses.

The carrying capacity of the vehicles should be increased by about 25 per cent in the capital, within five years, by putting into service a large number of tramcars, trolleys and buses. The communications of the suburbs must be improved by establishing new lines. The Csepel express line will be extended to Szigetszentmiklós, and faster railway passenger transport should be provided between Budapest and the neighbouring communities. Work on the Underground should be continued in order to inaugurate it during the third

five-year plan. During the Second Five-Year Plan, the reconstruction of the Férihegy airport shall be completed, and reconstruction work should be commenced on the Erzsébet Bridge in the last year of the plan.

In order to improve the water supply, we should expand the Szigetszentmiklós and Margitsziget waterworks, and build the South Pest industrial waterworks. The sewage system of the capital should be expanded.

Public hygiene should be improved considerably in the capital, and the mechanization of the operations connected with it will be speeded up.

The gas supply will be improved by developing the Budapest Gas Works; gas will be supplied to 75,000 new consumers.

During the Second Five-Year Plan we intend to provide at least 700 primary classrooms and a considerable number of secondary school class-rooms for the educational system.

The number of hospital beds will be increased by about 1,000, as a step towards improving health services, and in addition, health centres will be built in District 3, and District 13.

We must continue restoring the historic monuments and art relics of the capital. The capital will receive an important cultural establishment by the partial reconstruction of the *Redoute*.

Great consideration should be given to the developing of Budapest as a spa city. Hotel accommodations should be increased by about 1,000, primarily utilizing the hotels now being used for other purposes. The Ybl Bath on Margaret Island should be repaired and the other baths should be brought up-to date and renovated.

We intend to complete the reconstruction of the Gaiety Theatre in Budapest. A high capacity television station should begin broadcasting in Budapest in 1957. A new indoor swimming pool will be built.

2. The development of the northern industrial regions of the country will be continued on a large scale, primarily in the sphere of mining, metallurgy, the chemical and the building materials industries.

Coal and ore mining shall be developed to a large degree in the counties of Borsod, Nógrád and Heves. We shall build an iron ore concentrating plant at Rudabánya, and enlarge the ore concentrating plant at Gyöngyösoroszi. A gypsum factory will be built in the Bodva Valley.

The Lenin Metallurgical Works should be further developed. Nitrogen fertilizer production should be expanded in Kazincbarcika and the heat engine power station should be completed. We will build a new waterworks in Borsod. At Tiszapalkonya we will establish the new, huge centre of the chemical industry,

and the biggest heat engine power station of the country. The Hejőcsaba Works shall be completed.

A panel factory will be built in Borsod County and a new, large cement and lime works in Vác.

A new tile factory will be set up in Sátoraljaújhely. The food industry in this area must be developed on a large scale. The Hatvan Canning Factory should be developed. We will raise the output of local industry considerably first of all by processing the scrap iron.

There should be consideration given to the renewal of the vineyards in the Tokay region.

Many flats will be built in the mining region and towns to improve the housing situation. About 5,000 flats will be built from State and cooperative funds, in Miskolc.

We shall build a health centre with an attached hospital in Diósgyőr, a new health centre in Ózd, and a new hospital wing at Salgótarján.

The cultural institutions of Miskolc should be developed in keeping with the importance of the town. The Déry Theatre should be modernized and television broadcasts shall begin in 1957.

We must complete the sport stadia in Ózd, Salgótarján and Eger.

The holiday resorts in the Mátra Mountains will be expanded. A new holiday sanatorium should be built in Mátraháza, and a new nursery in Mátrafüred.

3. The rich raw material resources of the Transdanubian region should be utilized to a greater degree. To this end, mining and the chemical industry should be developed considerably.

Investments of a substantial amount should be made for raising the bituminous coal production in the vicinity of Pécs and at Komló, as well as the output of good quality brown coal in the Tata-Dorog basin. We should build heat engine power stations at Pécsújhegy and Oroszlán. In Veszprém County, the output of lignite and of bauxite should be increased and the metallurgy of light metals developed. More extensive geological surveys should be conducted in the Bakony Mountains.

A manganese ore concentrating plant should be put into operation at Úrkút. The aluminium rolling mill of Székesfehérvár will be expanded. County Zala has the central task of developing oil mining to an appreciable extent. Several peat bogs should be opened in the Balaton region.

We will build a briquette factory in Hidas, a cracking plant in Szőny, a lubricant plant in Almásfüzitő, and a synthetic fibre factory in the Nyergesújfalu Viscosa Works. The

coal distillation plant in Dorog should be modernized. The first two units of the Sztálinváros coking plant will be put into operation with the extension of the first phase of the iron works, as well as the chemical factory and straw pulp factory connected with it. A wood-fibre factory will be built in Mohács, and the beaverboard factory will be completed at Szombathely.

The industrialization of Szekszárd will be continued. In Sopron there will be built a plant for working up wood shavings.

We will renovate the Lábattól Cement Factory and the Tatabánya Cement and Lime Works, and will expand the Ajka Power Plant, the Wilhelm Pieck Waggon and Machine Factory, the Győr Woollen Mill, the Imitation Leather Factory, the Győr Biscuit and Wafer Factory and other works. It is planned to develop the food industry in the Transdanubian region to quite an extent; a bakery will be built in Tatabánya. The chief task in agriculture in Transdanubia is to develop cattle breeding and milk production. In addition, there should be an increase in the breeding of porkers. The growing of vegetables should be encouraged in the Szigetköz. There should be a higher yield of reed and the industrial processing of it in the Fertő region and along Lake Balaton.

In Transdanubia, housing will be concentrated primarily in the mining towns and certain cities like Pécs, Tatabánya, Győr and Székesfehérvár. We will establish a new hospital and a secondary school in Sztálinváros, a secondary school and cinema in Komló, a new theatre and cinema in Győr, and new cinemas in Zalaegerszeg and Tatabánya.

The holiday resorts on the shores of Lake Balaton, as well as others will be developed. There will be built at Siófok a hospital clinic, and sanatoria at Balatonfüred and Sopron.

4. The industrialization of the Great Plain will be continued by modernizing and enlarging the existing factories and by establishing new plants. In line with the natural endowments of the region, the aim shall be to develop first of all the industries processing agricultural produce, certain labour-consuming branches of the engineering industry, and the chemical and building material industries. More extensive geological surveys shall be conducted on the Great Plain.

We shall develop the canning industry at Szeged, Kecskemét, Nagykőrös and other places and the processing of paprika at Szeged and Kalocsa. Szolnok will become a new centre of the chemical industry by expanding sulphuric acid production, and setting up a superphosphate works. In addition a factory producing wood-fibre board and a tobacco fermentation plant should be located in Szolnok. The Martfű

Shoe Factory will be greatly developed. The Crusher Plant in Jászberény will be enlarged. We will build a new milk powder factory in Szentes, a new refrigerator plant in Békéscsaba, and a new knitwear factory in Hódmezővásárhely.

Building work will go ahead on the Ball-Bearing Factory in Debrecen, and the Tube Furniture Factory and the Pharmaceutical Plant will be enlarged. It is necessary to reconstruct the cement factory, and to establish a new factory for block prefabricated parts. Industry should be developed in the Nyírség as well. In Nyíregyháza there will be built a new food factory. Large-scale development is scheduled for the Tiszavásár Alkaloid Factory and the Kisvárdá Foundry. The vegetable oil factory in Nyírbátor will be expanded by the addition of new shops. A lime sand brick factory will be set up in Napkoron. Equipment will be provided for the storing, packing and processing of the fruit crop of the region.

Grain and maize growing will continue to hold a prominent place in agriculture on the Great Plain. We will increase and improve the growing of grain of the highest quality in the southern region of the Great Plain, and will expand the breeding of pigs and poultry.

In the region beyond the Tisza River, we will complete the building of the East-West canal, put into partial operation the Nagyiván water reservoir, and begin the building of the second Tisza lock at Tiszabura, as well as of the equipment for it. The growing of industrial crops (sugar beet, fibre hemp, broom-corn) should be developed in the region beyond the Tisza River. There should be a gradual shift to cultivation based on irrigated crop rotation in the irrigated areas of the middle and central parts of the Tisza region. The average potato yields in the Nyírség should be increased, excellent new potato species should be introduced, and the large orchards should be improved. Fruit, grape and vegetable growing should be developed extensively in the region between the Danube and Tisza rivers.

A narrow gauge railway line will be laid in the vicinity of Fehérgyarmat.

Housing should be increased in the towns of the Great Plain, and work should proceed to eliminate the ages old backwardness in the public utility services. A new waterworks should be built in Békéscsaba, and work should begin on building a waterworks in Nyíregyháza. The waterworks and sewage system in Debrecen and Szolnok should be extended.

The Debrecen—Kőrösszegapáti gas-pipe lines will have to be built and the building work should be continued on the sewage system in Kecskemét. New hospitals with clinics attached should be built in Fehérgyarmat

and Karcag as a measure of improving the health service.

The sport stadia at Hódmezővásárhely and Nyíregyháza should be completed. Particular attention should be paid to improving primary and secondary school education in the Great Plain, and especially to the raising of the cultural level in the farm settlements. The Nyíregyháza Theatre will be rebuilt. Szeged will be developed in keeping with its importance and the Szeged Medical University will be modernized.

The Second Five-Year Plan is a giant step forward towards increasing the economic might of our country. Per capita output will rise by 1960, as compared with 1938, as follows: electric power 5.3 times or 810 kW; coal 2.8 times, or 6,380 lbs; steel 3 times, or 477 lbs; aluminium 33 times or 10.70 lbs; cement 5 times, or 396 lbs. Progress in the cultural field is indicated by the fact that in 1960, 3.5 times more students will have finished secondary school and there will be 2.5 times more university students than prior to the liberation of the country. All this means that Hungary, together with the other countries of the socialist camp, is playing a more successful part in the peaceful economic competition between the countries of the socialist camp and the industrially developed capitalist countries.

During the Second Five-Year Plan, together with the rapid development of the productive forces in our country, there will be an upswing in the material well-being of the town and village, the cultural standard will rise, the defence capacity of the country will be increased, the alliance between the working class and the peasantry will be strengthened, and socialism will continue to be built on firm foundations.

All this will be the result of the extensive application of scientific and technical achievements, the assistance of the ever greater division of labour among the countries belonging to the socialist world system, and, first and foremost, of the zealous labour of the working men and women.

The Second Five-Year Plan sets out for our people great and inspiring tasks. The prerequisites for its implementation are present in our national economy. The actual guarantee of these prerequisites and, therefore, the realization of the Plan, lies in the persevering, everyday labour and steadfastness of our working people, and their active and effective participation in the implementation of the Plan. It is, therefore, the central task of the Party organizations, the State bodies, the trade unions, the UWY organizations, and the Patriotic People's Front to direct the creative zeal of the working people towards the implementation of the most important objectives of the Plan; to promote the utilization of the latent reserves

of production; to consolidate labour discipline; boldly to encourage the initiative of the working people, aimed at the application of modern technique, the better utilization of the equipment, the increase of productivity, greater thrift, the improvement of quality; and to promote by all these steps a considerable upswing in the socialist emulation of the working people for the fulfilment, and over-fulfilment, of the Second Five-Year Plan.

The Second Five-Year Plan is the plan for making the national economy thrive, raising the general well-being and culture; it is the

plan for the further consolidation of the People's Democracy; it is the cause closest to the working class, the working peasantry, the intellectuals, the entire working people, to every Hungarian patriot.

The Hungarian working people have, by their heroic labour, attained signal successes in building socialism during the past few years. They should concentrate their energies upon the implementation of the targets set by the Second Five-Year Plan, thus bringing to victory the cause of socialism in our country.

("Szabad Nép" July 25, 1956)

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